

Panel
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Testimony before the Federal Reserve in San Francisco, July 9th, 1998

My name is Brenda LaBlanc. I am here representing Citizens for Community Improvement of Des Moines. CCI is an organization that helps citizens work on any community improvement issues. CCI has been in Des Moines since 1977. Their Reinvestment Task Force was also initiated in 1977 to work on the problem of getting home loans in areas that had been red-lined. It's been a long, hard road to travel but it has been worthwhile.

After twenty years we have developed working agreements for special CRA programs with ten financial institutions. We work with each bank to help them improve their lending record, and we also provide services such as a Home Buyers Club which helps prepare people, not yet ready to buy. We also produce Credit & Home Buying seminars that provide a day long session of information about the process of home buying and introduce the various bank programs. More than 300 people attended our last seminar.

But we have had some problems in the last several years with bank mergers.

Hawkeye Bank, a State-wide holding company was bought out by Mercantile. Hawkeye had a branch in a low-mod neighborhood but when Mercantile took over they attempted to close it. We fought this move and succeeded in keeping the branch open. But while we had had a good relationship with Hawkeye, we find we do not now have the same kind of relationship with Mercantile.

First Interstate Bank was another we had an agreement with since 1988. They were bought out after five years by Boatmen's Bank. A new president came to Des Moines from St. Louis and he told our Task Force that we didn't need an agreement with them because Boatmen's had a great record of CRA lending. They had done great things in St. Louis, he told us, therefore they knew all about what needed to be done. We pointed out that Des Moines is not St. Louis, and what works there may not necessarily work here. We pointed out that we had developed expertise in our situation and our needs, and therefore they needed to work with us for a CRA program in Des Moines to be successful. They eventually agreed, and after that we had a signed agreement with Boatmen's. Then Boatmen's was bought out by Nation's Bank a year ago. And we started through the whole familiar process again. Since last December we have been debating back and forth about an agreement with no success.

In dealing with the local banks after they are bought out, we are, for the most part, dealing with the same people locally we have dealt with all along. The problem is that they are now getting directives from above, from people far away that we cannot talk to, and people who seem not to care about whether CRA programs work or not.

When we learned at our national NPA conference that other cities were having the same kind of problems with bank mergers, we agreed that the time had come to develop a national agreement that would give official sanction to our locally developed programs.

NATION'S BANK OF DES MOINES DIFFERENCES WITH CCI (CITIZENS FOR COMMUNITY IMPROVEMENT) OVER LOCAL PROGRAM. July 1998

Nation's Bank has been ignoring our specific program and continually pushes their "standard generic" program that they use nation wide for a CRA program.

Their national program is pretty much the same in most respects as our program except for one *very important* factor. This is that they target low/mod people (below 80% median income) and not low/mod census tracts. This is the same bank (then First Interstate) that, when they first signed an agreement with us in 1988, wanted to target by income rather than census tracts. We agreed to their suggestion, thinking that many of these loans if not all of them, would be made in the low/mod census tracts. But after a couple of years we found this was not so. They made many loans under their program but very few of them went in our neighborhoods.

Now, in the beginning, the problem was REDLINING!. We did not begin this project to help low-income people. The law does not speak to lower income people. The CRA speaks to "underserved neighborhoods". And this project was to help bring reinvestment back into our neighborhoods. So, after pointing this out, we asked First Interstate to target the low/mod neighborhoods rather than low/mod people and they agreed to do so, as do all the banks now that we have agreements with.

When the expanded HMDA came out, we discovered that there appears to be no problem lending to people below 80% of median income. In general, about 30% of all loans in the Des Moines MSA go to people below 80% of median income. But only 4 or 5 % go to low/mod neighborhoods. And yet, the low-mod census tracts contain 25% of the owner-occupied housing in the Des Moines MSA. The banks with CRA programs targetted put more than 5% in our neighborhoods, some of them 11 to 12%, but our aim is to get equal representation, a goal of 25%.

The local bank people understand this situation, and understand the purpose of our program. And this bank knows - because they tried it - that targetting by income does not do the job of getting home-ownership in our under-served neighborhoods. How do we get this across to the people at the top at Nations who have designed this "cookie-cutter" program. We have logic on our side, and the intent of the CRA on our side, but we cannot deal with decision makers who are miles away.



Citizens for Community Improvement of Des Moines

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History of Relationship Between CCI of Des Moines and NationsBank

- 1989 CCI and First Interstate Bank sign first community reinvestment agreement.
- 1989 - 1991 First Interstate Bank works with the CCI Reinvestment Task Force responsively, improving lending record.
- 1992 First Interstate Bank and Boatmen's Bank merge.
- 1992 After several months of initial distrust, Boatmen's signs agreement with CCI.
- 1992 - 1996 Boatmen's Bank and CCI Reinvestment Task Force develop good working relationship. Lending record continues to improve. Boatmen's Bank becomes one of the original participants in CCI's Homebuyers Club, offering education in home ownership and related issues to low income home buyers.
- 1996 Boatmen's Bank proposes merger with NationsBank.
- ▶ Boatmen's Bank officers assure CCI that local management will continue to make decisions about bank products.
 - ▶ Officers also assure CCI that with more resources, NationsBank will be able to serve community needs better.
 - ▶ NationsBank tells us its slogan is, "We treat every community we're in like it's the community we're from, because it is."
- 1996 Community groups file challenge against merger. CCI writes letter supporting Boatmen's Bank, outlining our positive relationship with the bank. Letter based on above assurances.
- 1996 Before the agreement with Boatmen's expired, NationsBank sent a packet announcing the new programs, which did not fit our agreement.
- 1997 NationsBank opens a new branch in the heart of the inner city. CCI views this as a good reinvestment choice, and helps publicize and market the opening, including participating in the press conference.
- 1997 New branch is robbed. NationsBank affirms commitment to staying. CCI organizes a press conference of community leaders to support the bank in its decision.
- 1998 Local staff expresses their willingness to sign an agreement, based on negotiations with Reinvestment Task Force. After they send the agreement to their superiors, they say they cannot sign one.
- 1998 The merger between NationsBank and Bank of America is announced.
- 1998 Member of CCI Reinvestment Task Force goes to St. Louis with other community leaders from around the country to meet with representatives from NationsBank and Bank of America about a national agreement. Community leaders are treated disrespectfully by Bank of America and NationsBank staff, and told they are wasting their time.
- 1998 NationsBank representatives in Des Moines seem eager to work with CCI, but their hands are tied by superiors. It becomes clear that any further merger will only distance the bank from its accountability to the community.
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**PCRG Testimony before the San Francisco Federal Reserve Board:
NationsBank Corporation's Proposal to acquire BankAmerica
Corporation**

Greetings to the distinguished members of the Federal Reserve Board and thank you for the opportunity to testify about the home mortgage lending patterns and practices of NationsBank and BankAmerica in the City of Pittsburgh, PA. I came to San Francisco to testify on behalf of the Pittsburgh Community Reinvestment Group (PCRG) as the second representative and thirteen community based organizations -all of which have filed protests against the proposed acquisition because of the abysmal records of lending to African Americans, African American neighborhoods, low income neighborhoods, and low income families in the City of Pittsburgh by both institutions.

PCRG is a non-profit consortium of twenty-nine community based organizations representing sixty-five low/moderate income neighborhoods in the City of Pittsburgh, Pennsylvania. PCRG works with financial institutions to insure equal lending patterns and practices for all Pittsburgh neighborhoods in accordance with Community Reinvestment Act (CRA). Since 1988, PCRG has formed partnerships with thirteen Pittsburgh lending institutions and developed reinvestment programs targeted to Pittsburgh's low and moderate income neighborhoods. Through CRA, PCRG members meet with financial institution executives, loan officers, and branch managers on a regular basis to discuss ways financial institutions can meet community needs. Within this framework, both PCRG members and Pittsburgh financial institutions are dedicated to a comprehensive approach to community revitalization and equal access to capital for all neighborhoods. PCRG has successfully negotiated lending agreements with Pittsburgh financial institutions for over \$2.7 billion in inner-city reinvestment.

PCRG analyzed the 1996 and 1997 Pittsburgh MSA Loan Application Registers for NationsBank and BankAmerica and discovered lending patterns indicating that neither bank is making many loans to the City of Pittsburgh's African American families, African American neighborhoods, low income families, and low/moderate income neighborhoods.

NATIONSBANK

NationsBank, through its mortgage company subsidiary Nationsbank Mortgage Corporation, has a very small presence in western Pennsylvania, and virtually no presence in the City of Pittsburgh. Through their office in downtown Pittsburgh,

- Nationsbanc Mortgage approved two loans out of four applications in the City of Pittsburgh in 1996. All four of the applications were from upper income neighborhoods.
- In 1997, Nationsbanc Mortgage took no applications from the City of Pittsburgh, but took twenty-eight from Pittsburgh's affluent and predominantly white suburbs.

BANKAMERICA

Bank of America, through its mortgage company subsidiary BankAmerica Mortgage Company has a much larger presence in the City of Pittsburgh. BankAmerica Mortgage Company, originated forty-four loans from fifty-four applications in 1996 and originated forty-three loans from seventy-five applications in 1997.

Lending to African Americans and African American Neighborhoods

- BancAmerica Mortgage made only one loan per year in Pittsburgh's African American neighborhoods in 1996 and 1997 and received only one application per year.
- Only one application from an African American borrower was received in 1996 and two were received in 1997, resulting in one loan approved in each year.

Lending to Low/Moderate Income Neighborhoods

- In 1996, Bank Of America originated five loans in low/moderate income neighborhoods and Thirty-nine loans in upper income neighborhoods.
- In 1997, twelve loans were originated in low/moderate income neighborhoods. Thirty loans were originated upper income neighborhoods.
- In 1996, the origination rate for upper income neighborhoods was thirty-five percent greater than the origination rate for low/moderate income neighborhoods.
- In 1997, the origination rate for upper income neighborhoods was seventy percent greater than the origination rate for low/moderate income neighborhoods.

Lending by Income

- Eighty percent of all upper income applications were originated compared to thirty-one percent of low income applications.

Conclusion

In May, PCRG, along with representatives from ten other communities from around the country met with representatives from NationsBank and Bank of America to address both local and national concerns about their

lending records and come to an agreement on a plan of action that would address these concerns. Both institutions showed no willingness to listen to our communities' concerns and to work to address them. Their unwillingness to work with our community to address our credit needs and the indisputable evidence of redlining discovered in the analysis of the loan application registers of both institutions places them in direct noncompliance with the Community Reinvestment Act.

Since 1988, PCRG has formed partnerships with thirteen Pittsburgh financial institutions to for over \$2.7 billion in reinvestment in Pittsburgh Neighborhoods. This reinvestment is the product of a working partnership between financial institutions and communities. Communities identify their credit needs and work with lenders on an ongoing basis to develop products and policies to insure that they are met.

- PCRG members work with lenders and the public sector to develop innovative mortgage products to meet community needs. For example, the Housing Recovery Program provides public sector deferred second mortgages paired with bank loans to help homebuyers purchase and renovate blighted properties in city neighborhoods. PCRG members worked with member banks and Fannie Mae to develop a mortgage product to enable more community mortgages to be sold on the secondary market.

- PCRG and its financial institution partners formed the Community Lender Credit Program, a credit restoration and homebuyer education organization, to develop home buyers from Pittsburgh neighborhoods.
- All of PCRG's partner banks have shown improvement in lending to underserved communities as a result of our partnership. Lending to low/moderate income neighborhoods increased twenty percent per year and lending in African American neighborhoods increased twenty-two percent per year between 1991 and 1996.

Based on our ten years of experience in community reinvestment, we believe that the only way the new institution formed by BankAmerica and NationsBank will improve their deplorable record of lending in Pittsburgh and other cities is to form working partnerships with community organizations. The \$350 billion commitment that NationsBank and BankAmerica propose comes with no promises for Pittsburgh's neighborhoods and no effort to identify community needs which are not being met as indicated by our analysis of the loan application registers.

PCRG is willing to work with NationsBank and BankAmerica to bring them into compliance with the Community Reinvestment Act in Pittsburgh by forming a partnership to improve their lending to Pittsburgh's African American families, African American neighborhoods, low income families, and low/moderate income neighborhoods.

Panel 6

TESTIMONY OF
GALE CINCOTTA, EXECUTIVE DIRECTOR
NATIONAL TRAINING AND INFORMATION CENTER (CHICAGO, IL)

Panel 6
at

PUBLIC MEETING ON NATIONSBANK AND BANKAMERICA
FEDERAL RESERVE BANK OF SAN FRANCISCO
JULY 9, 1998

Contents:

- 1) Written testimony and attachment from NTIC
- 2) Written testimony from National Peoples Action (NPA)
- 3) Study on past lending of NationsBank Corp.
- 4) Comparison of 1996 residential lending by NationsBank and BankAmerica projected over 10 years at \$116.8 billion and their \$115 billion low/mod residential lending commitment
 - summary
 - lending matrix
 - subsidiaries list
- 5) Bio on Gale Cincotta
- 6) Written testimony submitted by NPA affiliate Congregations United for Community Action (St. Petersburg, FL)
- 7) Written testimony submitted by NPA affiliate Sunflower Community Action (Wichita, KS)
- 8) Written testimony submitted by NPA affiliate Neighborhoods First Alliance (San Antonio, TX)
- 9) Written testimony submitted by NPA affiliate Citizens for Community Improvement (Des Moines, IA)
- 10) Written testimony submitted by NPA affiliate Pittsburgh Community Reinvestment Group (Pittsburgh, PA)

SERVICE TO CHICAGO

1995 & 1996

Retail Banking

Bank of America is a new entrant to the retail banking market in Chicago. In 1995, following its 1994 acquisition of Continental Bank, BankAmerica Corporation, through its Federal Savings Bank subsidiary, entered a business relationship with Jewel-Osco stores to establish a retail branch network in the midwest. The move into grocery store branches is consistent with BofA's retail direction in California and many other western states, where in-store branches have proven to be extremely convenient to bank customers.

The first step in building the branch network, installing Versateller® Automated Teller Machines (ATMs) in all 172 midwest Jewel-Osco stores, was undertaken and completed in 1995. In early 1996, four pilot Financial Service Centers (FSCs), designed to provide a platform from which BofA could offer retail deposit accounts and loan products, were opened. Through the FSCs, BofA also began to handle other quasi-banking functions previously offered by Jewel-Osco, such as cashing personal checks and selling money orders, stamps, bus passes and tokens. The pilot program was successfully completed at mid-year, and the decision was made to proceed with installation of additional FSCs through year-end 1996. At year-end, 52 FSCs were open to the public.

Bringing these retail branches on-line, most of which are in Chicago and the surrounding communities, has positioned BofA to effectively compete with other local and regional retail banks. Such competition will ultimately benefit local residents by providing a broader range of choices regarding banking products, services, and prices, as well as banking locations and hours of availability. A list of all FSCs opened at year-end is included in Appendix A to this report.

Bank of America believes physical locations -- branches -- are just one part of an effective, responsive, and convenient retail delivery system. BofA has pioneered the use of alternative banking platforms, making its products and services readily available through 'round the clock' telephone access, computer-based home banking, and banking on the Internet. In addition, BofA aggressively utilizes print, radio, and in-store advertising, as well as direct mail and telephone solicitation campaigns to reach consumers and potential customers with information about or offers to apply for its retail products and services. Products that have recently been introduced in the Chicago area include:

- Home equity, home improvement, and home mortgage loans, including Neighborhood Advantage, a home loan program that combines homeowner counseling with flexible underwriting criteria to help low- and moderate-income applicants qualify for a home mortgage
- BASIC (Bank of America Special Income Credit), a consumer loan program designed to meet the needs of low-income applicants
- Secured and unsecured loans and lines of credit for personal, family, or household needs

SERVICE TO CHICAGO

1995 & 1996

Retail Banking (cont.)

- Education loans
- MasterCard and VISA personal credit cards
- Advantage Business Credit (ABC) and ABC Express for small businesses needing loans and lines of credit under \$100,000
- Business and corporate credit cards

While BofA began in earnest to build its midwest retail delivery capabilities in 1996, its retail presence has already begun to benefit local residents in a variety of ways. Following are some of the highlights from 1996:

- Fourteen FSCs were opened in the City of Chicago. An additional 15 FSCs were opened in other parts of Cook County
- 27,000 deposit accounts opened
- More than 100 home equity loans totaling more than \$3 million made
- More than 200 personal loans totaling in excess of \$4.7 million made
- Nearly 600 jobs created, with more than half of those positions being filled by women and minorities

NTIC National Training and Information Center

810 N. Milwaukee Ave. □ Chicago, Illinois 60622-4103 □ (312) 243-3035

July 9, 1998

Ms. Jennifer J. Johnson
Secretary of the Board
Federal Reserve System
20th Street and Constitution Av., N.W.
Washington, D.C. 20551

Dear Ms. Johnson:

The National Training and Information Center is submitting this letter to protest the application filed by NationsBank Corporation Charlotte, North Carolina, to acquire BankAmerica Corporation, San Francisco, California.

Background on NTIC

The National Training and Information Center (NTIC) was established in 1972 as a resource center for grassroots community groups across the nation. For twenty-five years, NTIC has been serving the needs of low and moderate income (LMI) neighborhoods and their citizens. NTIC listens to their needs, advocates on a national level for policy and programmatic changes needed to get the tools that the people can use to effect positive change in their neighborhoods, and creates public and private partnerships to build these tools. NTIC then provides training and technical assistance to neighborhood groups on how to effectively use these tools to improve their communities.

NTIC has worked on community reinvestment strategies since its inception. NTIC started to work on the issue in the early 1970's when racially changing neighborhoods were redlined by banks and the only available loans for homes were contract sales and Federal Housing Administration (FHA) loans. NTIC has advocated for the tools to combat the conventional credit neglect and resulting abundance of FHA foreclosure. These tools have included the Home Mortgage Disclosure Act, the Community Reinvestment Act, disclosure of FHA foreclosures and relevant information on the responsible mortgage companies, partnerships with the private mortgage insurance companies, and the Federal Housing Enterprises Financial Safety and Soundness Act. These policy advances have resulted in community groups across the country winning billions in reinvestment dollars for their communities. NTIC has been there every step of the way to help neighborhood groups maintain and use these tools in order to create safe, sound, and stable communities.

NTIC's Successful CRA Agreements

In Chicago, NTIC has forged successful CRA agreements with Harris Bank (1984, 1989, 1994), Northern Trust Co. (1984, 1989, 1995), First Chicago Corp. (1984, 1989, 1995, 1998), Continental Bank

Corp. (1986, 1991), and BankAmerica Corp. when it acquired Continental in 1994. These agreements have been key to bringing home and business loans into Chicago's low and moderate income neighborhoods. Every five years each of these institutions have met their lending goals outlined in the agreements and, subsequently, increased their goals.

On a national scale, NTIC has provided training and technical assistance on CRA and its application to over 100 neighborhood groups across the country. These trainings and technical assistance have led to groups securing over \$10 billion in home and small business lending agreements from banks in their communities.

NTIC believes that the key to revitalizing low and moderate income neighborhoods rests in the return of a healthy conventional market. The government-insured FHA program has proven to be a destabilizing substitute for access to affordable credit. Widespread abuse of FHA leads to foreclosure and abandonment. Under the Community Reinvestment Act banks are required to serve the "convenience and needs" of the communities the bank is chartered to serve. Furthermore, the most recent changes to CRA regulations focused CRA evaluation criteria toward direct lending and away from community development programs.

NationsBank and BankAmerica's LMI Lending Record

Despite NationsBank and Bank of America's past and pledged development projects, we find their direct lending practices are less than satisfactory, as reflected in the institution's HMDA data. In order for the convenience and needs of a community to be satisfied, a community must have access to lending and services. We urge the Federal Reserve Board to focus its attention on the direct lending records of NationsBank and BankAmerica as a predictor of future lending practices in low- and moderate-income (LMI) neighborhoods rather than vague commitments based on the banks' unaccountable intentions.

NationsBank LMI Lending in Chicago

We submit to the Board an analysis of Home Mortgage Disclosure Act (HMDA) data for NationsBank Corporation and its affiliate operations in the Chicago area for the calendar year 1997. This data clearly confirms the fact that NationsBank and its affiliates have a very poor record of meeting the credit needs and convenience of Chicago's minority and low-income communities.

NationsBank Corporation received 98.8% of its housing loans applications through subsidiaries not covered by the Community Reinvestment Act while NationsBank NA received only 1.2% of the corporation's housing loan applications. By channeling almost all of its lending through these subsidiaries--NationsBank Mortgage Corporation and NationsCredit Home Equity Services--NationsBank is effectively is open to redlining lower income neighborhoods without consequence.

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1997 HMDA data for NationsBank Mortgage Corp. lending in the Chicago metropolitan statistical area (MSA) indicates that this subsidiary targets loans with affordable interest rates to high-income applicants.

Specifically, 57.8% of NationsBank's housing loan applications were channelled through NationsBank Mortgage Corporation. Of these loans only 5.6% came from applicants in LMI census tracts. However, the Chicago MSA that this data applies to is made up of 37.3% LMI census tracts. Conversely, 58% of the Mortgage Corporation's loan applications came from upper-income tracts even though such tracts comprise only 23.3% of the MSA.

1997 HMDA data for NationsCredit, on the other hand, suggests that this subsidiary steers low- and moderate-income applicants toward its high-interest loans.

Forty-one percent of NationsBank's housing loan applications in 1997 were submitted to the institution's sub-prime lending subsidiary, NationsCredit Home Equity Services, which is notorious for pushing loans at very high interest rates. NationsCredit is targeting LMI neighborhoods with these sub-prime loans in place of affordable loans.

The 1997 Chicago HMDA data analyzed above was attained directly from the Chicago Federal Reserve Bank after attempts were unsuccessfully made to obtain this information from a local NationsCredit office. This satellite office referred us to the regional office in Burr Ridge, IL, which in-turn referred us to the corporate office in Irving, Texas. None of these offices responded to our request for 1997 HMDA data.

Bank of America -- A Non-Bank Bank in Chicago

When Continental Bank fell apart in the early 1980's due to bad oil investments, Bank of America took over the institution. We lost the full-service institution and Bank of America Illinois became a locally controlled "non-bank bank." The institution began making loans through community development corporations and other non-profits to get housing and business loans out into the neighborhoods.

In June, 1994, NTIC made a 5-year agreement to ensure that Bank of America would continue to get loans out this way. However, as soon as Intra/Interstate Banking passed, Bank of America California applied to the Comptroller of the Currency to bring BofA Chicago under the corporate umbrella as a subsidiary.

As a part of their application to move control of the institution out of Chicago, BofA promised to put branches in the Jewel food stores throughout the City. Enclosed are references to the Jewel Branches as part of the newly established network. Specifically, on page 4, the first paragraph states that they will retain local sensitivity, The subsequent letter B. states that they will

accomplish this by maintaining and enhancing mechanisms and processes. In the Service to Chicago section, they reference their Jewel-Osco stores as offering retail deposit and loan products. In addition, they reference fourteen Financial Service Centers that were opened.

Soon after the application was approved, the institution sold off these branches. As a result, Chicago lost local control of another bank, lost its banking services, and lost its walk-in loan services through a series of acquisitions.

Now NationsBank--which has a terrible record of affordable lending in Chicago's neighborhoods and those of other cities across the country--intends to acquire Bank of America. We cannot expect the institution's lending record in low and moderate income neighborhoods to improve.

NationsBank is not serving the convenience and needs of Chicago as required by the federal law, the Community Reinvestment Act. We urge the Board of Governors to deny NationsBank Corp.'s application to acquire BankAmerica Corp.

Sincerely,



Gale Cincotta
Executive Director

cc: President William J. Clinton
Robert Rubin, Secretary of the Treasury
Julie Williams, Acting Comptroller of the Currency
Ricki Helfer, Chairwoman, Federal Deposit Insurance Corporation
Alan Greenspan, Chairman of the Board of Governors of the Federal Reserve
Stephen Ong, Asst. Vice President, Federal Reserve System
Ruth Clevenger, Community Affairs Manager, Federal Reserve System
Joy Hoffman-Molloy, Federal Reserve Bank of San Francisco
Alicia Williams, The Chicago Federal Reserve Bank
Gaile Clark, Federal Reserve System, Richmond, VA
Joy Hoffman-Molloy, Federal Reserve Bank of San Francisco
Hugh McColl, Chairman, NationsBank Corp.
David Coulter, BankAmerica Corp.
Senator Carol Moseley-Braun, Illinois
Senator Richard Durbin, Illinois
Congressman Danny Davis, Illinois
Congressman Luis Gutierrez, Illinois
Congressman Jesse Jackson, Jr., Illinois
Congressman Bobby Rush, Illinois

enc.

In recognition of the concern that interstate banks retain local sensitivity which is reflected in the CRA examination provision of the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994, BofA NT&SA's CRA plans include the following:

- A. Applying the BAC Board resolution regarding the attainment of ratings of Outstanding performance ratings in regulatory examinations to state-level ratings, i.e., BofA NT&SA has as its goal to achieve a rating of Outstanding in each of the states and multi-state MSA's in which it has Assessment Areas, including Illinois.
- B. Maintaining and enhancing mechanisms and processes, designed to maintain and enhance local responsiveness and to support the goal of achieving an Outstanding rating for each state in which BofA NT&SA has an Assessment Area, including Illinois.
- C. Continue to set CRA lending goals at the state level, including Illinois with roll-up to the institution level.
- D. Continue to monitor CRA performance by Assessment Areas, including Cook County, and at the state levels.
- E. Continue to apply the resources of all relevant affiliates to support the goal of achieving a rating of Outstanding in each state in which BofA NT&SA has an Assessment Area, including Illinois.

Bank of America NT&SA Assessment Areas as of Merger Date. Listings and maps of BofA NT&SA Assessment Areas as of merger date are included in Exhibit CRA-3. These areas represent essentially no change from the existing delineated communities or assessment areas in place prior to the merger.

Pre-existing CRA Commitments. All CRA-related commitments made by BAI will be honored by BofA NT&SA.

NEWS

July 9, 1998

FOR IMMEDIATE RELEASE

For more information, contact:
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NATIONSBANK 1997 REINVESTMENT RECORD POOR, FUTURE COMMITMENT

A LOSS FOR COMMUNITIES

Communities will lose out on home loans if the proposed NationsBank/BankAmerica merger goes through, according to an analysis of the recent NationsBank 10-year commitment the National Training and Information Center (NTIC) plans to release today.

As hundreds of consumer advocates go to Federal Reserve hearings over the next three days in San Francisco, NTIC Executive Director Gale Cincotta plans to push two key findings of recent research by the Chicago-based non-profit:

Extrapolating from 1996 figures, the proposed mega-bank's 10-year commitment to residential lending would result in \$1.8 billion less for communities than NationsBank currently invests, according to 1996 Home Mortgage Disclosure data;

A pattern of redlining—that is, carrying out the vast majority of business in upper-income and whiter communities at the expense of less affluent, predominantly minority areas—emerges from NTIC's examination of 1997 Home Mortgage Disclosure data for Atlanta, Chicago, Des Moines, San Antonio, St. Petersburg, and Wichita.

"We found what I call NationsBank's Big Lie and their Dirty Little Secret when we analyzed their past performance and estimated the strength of their proposed commitment to the future," Cincotta says. "The Big Lie is that they are going to do all these great things for the neighborhoods after they swallow up Bank of America. The Dirty Little Secret is that they have been redlining for years."

Cincotta and other neighborhood leaders from around the country have sought a national community reinvestment agreement with the proposed NationsBank/BankAmerica, which would hold more than 8 percent of all Americans' deposits. A national agreement would lock lending institutions into long-term commitments for investment into low- and moderate-income neighborhoods. They seek a percentage commitment to targeted lending over the next 20 years and a series of local meetings to establish agreements locally in addition to a national review board composed of top corporate decision makers and neighborhood groups.

"We have never asked for anything more nor less than to make the private market work in the neighborhoods," Cincotta says. "Bankers consistently underestimate the soundness, dollar value, and need for community lending, except where communities and local bankers have been able to forge specific partnerships with specific

MORE

goals." Where this has occurred, she adds, banks have committed enormous resources (1st Chicago/NBD--\$1 billion, 1994; National City/Integra Bank, Pittsburgh--\$1.4 billion, 1994). Where local control is lost, abandoned buildings that could become homeownership opportunities stand vacant, small businesses languish for lack of credit, and other problems continue.

NationsBank disproportionately targets wealthy neighborhoods at the neglect of poorer areas, Cincotta says. They avoid lending in these areas because they either do not believe poor folks pay their debts or, out of greed, they only want to make the big money off of loans to the rich.

Leaders of grassroots neighborhood groups will be joining Cincotta to testify in San Francisco from several of the cities for which data was analyzed. They include: Brenda LaBlanc from Des Moines Citizens for Community Improvement, Margaret Webb from Wichita's Sunflower Community Action, and Carlos Richardson from Neighborhoods First Alliance, San Antonio. Leslie Reicher from Pittsburgh Community Reinvestment Group will also join Cincotta to testify.

"NationsBank has been redlining, and if this merger goes through the way it stands they obviously plan to continue to redline," Cincotta says. "We're not trying to turn back the clock, but to move forward and find a way to increase the commitment."

ATLANTA

Low and moderate income (LMI) neighborhoods make up 33.4% of the Atlanta metropolitan statistical area (MSA), which includes the city and adjacent suburbs.

However, NationsBank Mortgage Corp. originated only 13.3% of its housing loans in these neighborhoods. NationsBank NA originated 29.5% of its residential loans in LMI neighborhoods.

Upper-income census tracts account for only 27.1% of the Atlanta MSA.

But NationsBank Mortgage Corp. made 45.7% of its loans in these wealthy neighborhoods. NationsBank NA originated 24.8% of its housing loans in upper-income areas.

NATIONSBANK MORTGAGE ATLANTA—1997 LENDING

CATEGORY	PERCENT OF MSA	# OF ORIGINATIONS	PERCENT OF ORIGINATIONS	DENIAL RATE
LOW- & MODERATE INCOME CENSUS TRACTS	33.4%	325	13.3%	24.4%
MIDDLE-INCOME CENSUS TRACTS	39.3%	1006	41.0%	17.4%
UPPER-INCOME CENSUS TRACTS	27.1%	1121	45.7%	12.3%
AFRICAN AMERICANS	25.1%	418	17.0%	27.1%
HISPANICS	1.9	30	1.2%	34.7%
WHITES	71.1%	1751	71.4%	12.1%

NATIONSBANK NA ATLANTA—1997 LENDING

CATEGORY	PERCENT OF MSA	# OF ORIGINATIONS	PERCENT OF ORIGINATIONS	DENIAL RATE
LOW- & MODERATE INCOME CENSUS TRACTS	33.4%	523	29.5%	43.2%
MIDDLE-INCOME CENSUS TRACTS	39.3%	809	45.7%	43.3%
UPPER-INCOME CENSUS TRACTS	27.1%	439	24.8%	35.6%
AFRICAN AMERICANS	25.1%	394	22.2%	53.4%
HISPANICS	1.9	29	1.6	60.0%
WHITES	71.1%	1236	69.8%	33.5%

MORE

CHICAGO

Low and moderate income (LMI) neighborhoods make up 37.3% of the Chicago metropolitan statistical area (MSA), which includes the city and adjacent suburbs.

However, NationsBank Mortgage Corp. originated only 5.1% of its housing loans in these neighborhoods. NationsCredit originated 38.3% of its residential loans in LMI neighborhoods. Note that NationsCredit is NationsBank Corp.'s sub-prime lender notorious for making high-interest loans based on the borrower's equity rather than income.

Upper-income census tracts account for only 23.3% of the Chicago MSA.

But NationsBank Mortgage Corp. made 58.1% of its loans in these wealthy neighborhoods. NationsCredit originated 15.7% of its housing loans in upper-income areas.

NATIONSBANK MORTGAGE CHICAGO—1997 LENDING

CATEGORY	PERCENT OF MSA	# OF ORIGINATIONS	PERCENT OF ORIGINATIONS	DENIAL RATE
LOW- & MODERATE INCOME CENSUS TRACTS	37.3%	35	5.1%	24%
MIDDLE-INCOME CENSUS TRACTS	42.6%	257	36.7%	16.5%
UPPER-INCOME CENSUS TRACTS	23.3%	399	58.1%	14.1%
AFRICAN AMERICANS	19%	25	3.6%	37.8%
HISPANICS	11.1%	20	2.9%	13%
WHITES	66.3%	998	72.6%	12.6%

NATIONSCREDIT CHICAGO—1997 LENDING

CATEGORY	PERCENT OF MSA	# OF ORIGINATIONS	PERCENT OF ORIGINATIONS	DENIAL RATE
LOW- & MODERATE INCOME CENSUS TRACTS	37.3%	95	38.3%	37.1%
MIDDLE-INCOME CENSUS TRACTS	42.6%	114	45.0%	38.6
UPPER-INCOME CENSUS TRACTS	23.3%	39	15.7%	37.1%
AFRICAN AMERICANS	19%	83	33.5%	39.2%
HISPANICS	11.1%	17	6.8%	39.0%
WHITES	66.3%	92	37.1%	31.8%

DES MOINES

Low and moderate income (LMI) neighborhoods make up 18.7% of the Des Moines metropolitan statistical area (MSA), which includes the city and adjacent suburbs.

However, NationsBank Mortgage Corp. originated only 5.5% of its housing loans in these neighborhoods. NationsBank NA originated 17.5% of its residential loans in LMI neighborhoods.

Upper-income census tracts account for only 19.8% of the Des Moines MSA.

But NationsBank Mortgage Corp. made 37.2% of its loans in these wealthy neighborhoods. NationsBank NA originated 27.8% of its housing loans in upper-income areas.

NATIONSBANK MORTGAGE DES MOINES—1997 LENDING

CATEGORY	PERCENT OF MSA	# OF ORIGINATIONS	PERCENT OF ORIGINATIONS	DENIAL RATE
LOW- & MODERATE INCOME CENSUS TRACTS	18.7%	16	5.5%	20.8%
MIDDLE-INCOME CENSUS TRACTS	61.5%	168	57.3	22.5%
UPPER-INCOME CENSUS TRACTS	19.8%	109	37.2%	15.1%
AFRICAN AMERICANS	3.7%	5	1.7%	40.0%
HISPANICS	1.8%	2	0.7%	33.3%
WHITES	92.8%	258	88.1%	18.6%

NATIONSBANK NA DES MOINES—1997 LENDING

CATEGORY	PERCENT OF MSA	# OF ORIGINATIONS	PERCENT OF ORIGINATIONS	DENIAL RATE
LOW- & MODERATE INCOME CENSUS TRACTS	18.7%	22	17.5%	22.9%
MIDDLE-INCOME CENSUS TRACTS	61.5%	69	54.8%	37.0%
UPPER-INCOME CENSUS TRACTS	19.8%	35	27.8%	16.4%
AFRICAN AMERICANS	3.7%	4	3.2%	58.3%
HISPANICS	1.8%	2	1.6%	33.3%
WHITES	92.8%	100	79.4%	24.3%

SAN ANTONIO

Low and moderate income (LMI) neighborhoods make up 38.3% of the San Antonio metropolitan statistical area (MSA), which includes the city and adjacent suburbs.

However, NationsBank Mortgage Corp. originated only 9.2% of its housing loans in these neighborhoods. NationsBank of Texas originated 24.6% of its residential loans in LMI neighborhoods.

Upper-income census tracts account for only 27.4% of the San Antonio MSA.

But NationsBank Mortgage Corp. made 87.3% of its loans in these wealthy neighborhoods. NationsBank of Texas originated 41.8% of its housing loans in upper-income areas.

NATIONSBANK MORTGAGE SAN ANTONIO—1997 LENDING

CATEGORY	PERCENT OF MSA	# OF ORIGINATIONS	PERCENT OF ORIGINATIONS	DENIAL RATE
LOW- & MODERATE INCOME CENSUS TRACTS	38.3%	21	9.2%	34.1%
MIDDLE-INCOME CENSUS TRACTS	34.3%	102	4.5%	28.4%
UPPER-INCOME CENSUS TRACTS	27.4%	200	87.3%	15.5%
AFRICAN AMERICANS	6.5%	5	2.2%	41.7%
HISPANICS	47.2%	44	19.2%	31.2
WHITES	44.8%	131	57.2%	16.2%

NATIONSBANK TEXAS SAN ANTONIO—1997 LENDING

CATEGORY	PERCENT OF MSA	# OF ORIGINATIONS	PERCENT OF ORIGINATIONS	DENIAL RATE
LOW- & MODERATE INCOME CENSUS TRACTS	38.3%	205	24.6%	43.8%
MIDDLE-INCOME CENSUS TRACTS	34.3%	279	33.5%	34.3%
UPPER-INCOME CENSUS TRACTS	27.4%	348	41.8%	18.4%
AFRICAN AMERICANS	6.5%	49	5.9%	29.4%
HISPANICS	47.2%	258	31.0%	41.9%
WHITES	44.8%	393	47.2%	22.1%

SAN ANTONIO

Low and moderate income (LMI) neighborhoods make up 38.3% of the San Antonio metropolitan statistical area (MSA), which includes the city and adjacent suburbs.

However, NationsBank Mortgage Corp. originated only 9.2% of its housing loans in these neighborhoods. NationsBank of Texas originated 24.6% of its residential loans in LMI neighborhoods.

Upper-income census tracts account for only 27.4% of the San Antonio MSA.

But NationsBank Mortgage Corp. made 87.3% of its loans in these wealthy neighborhoods. NationsBank of Texas originated 41.8% of its housing loans in upper-income areas.

NATIONSBANK MORTGAGE SAN ANTONIO—1997 LENDING

CATEGORY	PERCENT OF MSA	# OF ORIGINATIONS	PERCENT OF ORIGINATIONS	DENIAL RATE
LOW- & MODERATE INCOME CENSUS TRACTS	38.3%	21	9.2%	34.1%
MIDDLE-INCOME CENSUS TRACTS	34.3%	102	4.5%	28.4%
UPPER-INCOME CENSUS TRACTS	27.4%	200	87.3%	15.5%
AFRICAN AMERICANS	6.5%	5	2.2%	41.7%
HISPANICS	47.2%	44	19.2%	31.2
WHITES	44.8%	131	57.2%	16.2%

NATIONSBANK TEXAS SAN ANTONIO—1997 LENDING

CATEGORY	PERCENT OF MSA	# OF ORIGINATIONS	PERCENT OF ORIGINATIONS	DENIAL RATE
LOW- & MODERATE INCOME CENSUS TRACTS	38.3%	205	24.6%	43.8%
MIDDLE-INCOME CENSUS TRACTS	34.3%	279	33.5%	34.3%
UPPER-INCOME CENSUS TRACTS	27.4%	348	41.8%	18.4%
AFRICAN AMERICANS	6.5%	49	5.9%	29.4%
HISPANICS	47.2%	258	31.0%	41.9%
WHITES	44.8%	393	47.2%	22.1%

ST. PETERSBURG

Low and moderate income (LMI) neighborhoods make up 26.8% of the St. Petersburg metropolitan statistical area (MSA), which includes the city and adjacent suburbs.

However, NationsBank Mortgage Corp. originated only 15.6% of its housing loans in these neighborhoods. NationsBank NA originated 25.5% of its residential loans in LMI neighborhoods.

Upper-income census tracts account for only 25.3% of the St. Petersburg MSA.

But NationsBank Mortgage Corp. made 42.0% of its loans in these wealthy neighborhoods. NationsBank NA originated 27.1% of its housing loans in upper-income areas.

NATIONSBANK MORTGAGE ST. PETE—1997 LENDING

CATEGORY	PERCENT OF MSA	# OF ORIGINATIONS	PERCENT OF ORIGINATIONS	DENIAL RATE
LOW- & MODERATE INCOME CENSUS TRACTS	26.8%	278	15.6%	20.1%
MIDDLE-INCOME CENSUS TRACTS	47.7%	757	42.4%	17.2%
UPPER-INCOME CENSUS TRACTS	25.3%	749	42.0%	14.2%
AFRICAN AMERICANS	8.7%	111	6.2%	16.0%
HISPANICS	6.6%	98	5.5%	16.0%
WHITES	83.3%	1402	78.6%	16.1%

NATIONSBANK NA ST. PETERSBURG—1997 LENDING

CATEGORY	PERCENT OF MSA	# OF ORIGINATIONS	PERCENT OF ORIGINATIONS	DENIAL RATE
LOW- & MODERATE INCOME CENSUS TRACTS	26.8%	703	25.5%	40.1%
MIDDLE-INCOME CENSUS TRACTS	47.7%	1311	47.5%	35.7%
UPPER-INCOME CENSUS TRACTS	25.3%	746	27.1%	30.7%
AFRICAN AMERICANS	8.7%	129	4.7%	54.8%
HISPANICS	6.6%	177	6.4%	48.3%
WHITES	83.3%	2251	81.6%	32.7%

WICHITA

Low and moderate income (LMI) neighborhoods make up 29.7% of the Wichita metropolitan statistical area (MSA), which includes the city and adjacent suburbs.

However, NationsBank Mortgage Corp. originated only 7.4% of its housing loans in these neighborhoods. NationsBank NA originated 12.6% of its residential loans in LMI neighborhoods.

Upper-income census tracts account for only 16.1% of the Wichita MSA.

But NationsBank Mortgage Corp. made 42.5% of its loans in these wealthy neighborhoods. NationsBank NA originated 20.4% of its housing loans in upper-income areas.

NATIONSBANK MORTGAGE WICHITA—1997 LENDING

CATEGORY	PERCENT OF MSA	# OF ORIGINATIONS	PERCENT OF ORIGINATIONS	DENIAL RATE
LOW- & MODERATE INCOME CENSUS TRACTS	29.7%	28	7.4%	18.4%
MIDDLE-INCOME CENSUS TRACTS	54.2%	140	50.1%	12.4%
UPPER-INCOME CENSUS TRACTS	16.1%	161	42.5%	8.6%
AFRICAN AMERICANS	7.5%	6	1.6%	14.3%
HISPANICS	3.8%	5	1.3%	25.0%
WHITES	85.8%	338	89.2%	11.1%

NATIONSBANK NA WICHITA—1997 LENDING

CATEGORY	PERCENT OF MSA	# OF ORIGINATIONS	PERCENT OF ORIGINATIONS	DENIAL RATE
LOW- & MODERATE INCOME CENSUS TRACTS	29.7%	24	12.6%	53.2%
MIDDLE-INCOME CENSUS TRACTS	54.2%	128	67.0%	37.6%
UPPER-INCOME CENSUS TRACTS	16.1%	39	20.4%	18.5%
AFRICAN AMERICANS	7.5%	4	2.1%	66.7%
HISPANICS	3.8%	5	2.6%	50.0%
WHITES	85.8%	140	73.3%	26.4%

1996 Residential Lending

NationsBank, Bank of America and their Subsidiaries

	\$ (000)	#
Loans originated in low and moderate income neighborhoods:	3,113,729	59,039
Loans originated to minorities who do not live in low and moderate income neighborhoods:	6,659,077	87,826
Loan originated to low and moderate income people who are not minorities and do not live in low and moderate income neighborhoods:	1,907,063	51,068
Total of loans that would make up lending goal:	11,679,869	197,933
1996 loans times ten years of lending:	116,798,690	
Published community lending commitment over ten years:	115,000,000	
Community gain from new lending commitment:	-1,798,690	

NOTES:

The numbers above do not include (dollar amounts in thousands):

- 1 -- 7,395 loans to non-minority applicants with minority co-applicants totalling \$814,151.
- 2 -- 7,627 loans purchased by institutions in low/moderate income neighborhoods or to minority or low/moderate income applicants outside of low/moderate income neighborhoods totalling \$582,482.
- 3 -- 142,914 loans missing race, income and/or census tract information, which could not be classified as minority or low/moderate income loans or as loans in low/moderate income neighborhoods, totalling \$7,807,720.

NATIONSBANK AND BANK OF AMERICA'S SUBSIDIARIES IN HMDA DATA, 1996

Agency	Lender ID	Lender's name	City	State	Parent institution		
1	0000018023	BANK OF AMERICA ALASKA	ANCHORAGE	AK			
3	0000032971	BANK OF AMERICA ARIZONA	PHOENIX	AZ			
2	0000279431	BANK OF AMERICA ILLINOIS	CHICAGO	IL			
2	0000523563	BANK OF AMERICA NEVADA	LAS VEGAS	NV			
1	0000022409	BANK OF AMERICA NEW MEXICO	ALBUQUERQUE	NM			
1	0000011280	BANK OF AMERICA NORTHWEST N.A.	SEATTLE	WA			
1	0000022429	BANK OF AMERICA TEXAS, N.A.	IRVING	TX	BANKAMERICA CORPORATION	SAN FRANCISCO	CA
4	0000012416	BANK OF AMERICA, FSB	SAN FRANCISCO	CA			
1	0000013044	BANK OF AMERICA, NT&SA	SAN FRANCISCO	CA			
1	0000009049	BARNETT BANK NA	JACKSONVILLE	FL	BARNETT BANKS, INC.	JACKSONVILLE	FL
2	0001362303	BARNETT BANK OF SW GEORGIA	JACKSONVILLE	FL			
1	59-1353638	BARNETT MORTGAGE COMPANY	JACKSONVILLE	FL	HOMESIDE, INC.	JACKSONVILLE	FL
1	0000022681	BOATMEN S BANK IOWA, N.A.	DES MOINES	IA	BOATMEN S BANCSHARES, INC	ST LOUIS	MO
3	0000008882	BOATMEN S BANK OF MID-MISSOURI	COLUMBIA	MO	BOATMEN S BANCSHARES, INC	ST LOUIS	MO
3	0000011738	BOATMEN S BANK OF SOUTH CENTRA	MT VERNON	IL	BOATMEN S BANCSHARES, INC	ST LOUIS	MO
3	0000017901	BOATMEN S BANK OF SOUTHERN MIS	SPRINGFIELD	MO	BOATMEN S BANCSHARES, INC	ST LOUIS	MO
2	0000943750	BOATMEN S BANK OF SOUTHWEST MO	CARTHAGE	MO			
3	0000009164	BOATMEN S BANK OF TENNESSEE	MEMPHIS	TN	BOATMEN S BANCSHARES, INC	ST LOUIS	MO
3	0000015265	BOATMEN S BANK OF TROY	TROY	MO	BOATMEN'S BANSHARES, INC.	ST LOUIS	MO
1	0000022885	BOATMEN S NATIONAL BANK OF KAN	KANSAS CITY	MO	BOATMEN S BANCSHARES, INC	ST LOUIS	MO
1	0000021296	BOATMEN S NATIONAL BANK OF OKL	OKLAHOMA CITY	OK	BOATMEN S BANCSHARES, INC	ST LOUIS	MO
1	0000013236	BOATMEN S NATIONAL BANK OF ST	ST LOUIS	MO	BOATMEN S BANCSHARES, INC	ST LOUIS	MO
1	62-0500692	BOATMEN S NAT'L MORTGAGE INC	MEMPHIS	TN	THE BOATMEN'S NATIONAL BANK OF	ST LOUIS	MO
3	0000009381	BOATMEN S RIVER VALLEY BANK	LEXINGTON	MO	BOATMEN S BANCSHARES, INC	ST LOUIS	MO
1	0000004214	BOATMEN'S FNB OF AMARILLO	AMARILLO	TX	BOATMEN'S TEXAS	AMARILLO	TX
1	0000021889	BOATMEN'S NATIONAL BANK OF AUS	AUSTIN	TX	BOATMEN'S BANCSHARES, INC.	ST LOUIS	MO
1	0000018778	BOATMEN'S NATIONAL BANK OF CON	CONWAY	AR	BOATMEN'S BANCSHARES, INC.	ST LOUIS	MO
1	0000016009	BOATMEN'S NATIONAL BANK OF LIT	LITTLE ROCK	AR	BOATMEN'S BANCSHARES, INC.	ST. LOUIS	MO
1	0000014056	BOATMEN'S NATIONAL BANK OF PIN	PINE BLUFF	AR	BOATMEN'S BANCSHARES, INC.	ST LOUIS	MO
1	0000018781	BOATMEN'S NATIONAL BANK OF NORT	FAYETTEVILLE	AR	BOATMEN'S BANCSHARES, INC.	ST. LOUIS	MO
2	0001165269	COMMUNITY BANK OF THE ISLANDS	JACKSONVILLE	FL			
2	2036450	EQUICREDIT CORP OF AMERICA	JACKSONVILLE	FL	EQUICREDIT CORP	JACKSONVILLE	FL
2	0002142959	HOME EQUITY SERVICE CORP	IRVING	TX			
1	75-1401985	NATIONSBANK MORTGAGE CORP	DALLAS	TX	NATIONSBANK CORPORATION	CHARLOTTE	NC
1	0000022566	NATIONSBANK OF KENTUCKY, N.A.	DALLAS	TX	NATIONSBANK CORPORATION	CHARLOTTE	NC
1	0000022567	NATIONSBANK OF TENNESSEE, N.A.	DALLAS	TX	NATIONSBANK CORPORATION	CHARLOTTE	NC
1	0000021834	NATIONSBANK OF TEXAS, N.A.	DALLAS	TX	NATIONSBANK CORPORATION	CHARLOTTE	NC
1	0000014448	NATIONSBANK, N.A.	DALLAS	TX	NATIONSBANK CORPORATION	CHARLOTTE	NC
1	0000013068	NATIONSBANK, N.A. (SOUTH)	DALLAS	TX	NATIONSBANK CORPORATION	CHARLOTTE	NC
1	99-0008292	SUN WORLD NA	EL PASO	TX	NATIONSBANK CORPORATION	CHARLOTTE	NC
1	0000012485	SUNWEST BANK OF ALBUQUERQUE, N	ALBUQUERQUE	NM	BOATMENS BANCSHARES, INC	ST LOUIS	MO
3	0000019197	SUNWEST BANK OF EL PASO	EL PASO	TX	BOATMENS BANCSHARES, INC	ST LOUIS	MO
1	0000016596	SUNWEST BANK OF LAS CRUCES, N	LAS CRUCES	NM	BOATMENS BANCSHARES, INC	ST LOUIS	MO
3	0000020687	SUNWEST BANK OF SANTA FE	SANTA FE	NM	BOATMENS BANCSHARES, INC	ST LOUIS	MO

Loans Originated -- 1996

Low/Mod Income Neighborhoods		Middle Income Neighborhoods		Upper Income Neighborhoods		Tract Income Not Available		All Neighborhoods	
\$ (000)	#	\$ (000)	#	\$ (000)	#	\$ (000)	#	\$ (000)	#

Minority Borrowers Income Level

Low/Mod:	328,620	9,660	427,989	10,588	97,617	2,216	--	--	854,226	22,464
Not Low/Mod:	714,947	12,285	2,222,230	27,996	2,763,167	20,264	--	--	5,700,344	60,545
N/A:	6,346	101	39,009	335	16,130	187	1,092,935	26,240	1,154,420	26,863
All Minority Borrowers:	1,049,913	22,046	2,689,228	38,919	2,876,914	22,667	1,092,935	26,240	7,708,990	109,872

White Borrowers Income Level

Low/Mod:	371,264	11,323	1,399,377	38,974	441,964	10,262	--	--	2,212,605	60,559
Not Low/Mod:	1,413,373	22,774	9,993,357	129,715	18,353,201	119,622	--	--	29,759,931	272,111
N/A:	28,711	242	168,597	1,223	141,294	739	6,721,973	137,547	7,060,575	139,751
All White Borrowers:	1,813,348	34,339	11,561,331	169,912	18,936,459	130,623	6,721,973	137,547	39,033,111	472,421

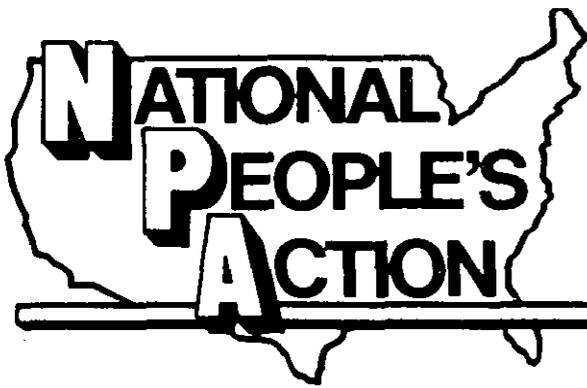
Race Unavailable (Mail/Telephone Application) Income Level

Low/Mod:	26,409	873	49,454	1,439	15,200	379	--	--	91,063	2,691
Not Low/Mod:	88,515	1,568	480,778	6,640	952,106	6,087	--	--	1,521,399	14,295
N/A:	24,162	58	27,127	172	45,690	124	178,246	2,517	275,225	2,871
All Mail/Telephone:	139,086	2,499	557,359	8,251	1,012,996	6,590	178,246	2,517	1,887,687	19,857

Race Unavailable Income Level

Low/Mod:	523	13	690	11	378	3	--	--	1,591	27
Not Low/Mod:	7,926	42	10,475	89	38,027	99	--	--	56,428	230
N/A:	102,933	100	231,675	160	137,575	116	107,041	128	579,224	504
All Race Unavailable:	111,382	155	242,840	260	175,980	218	107,041	128	637,243	761
All Lending	3,113,729	59,039	15,050,758	217,342	23,002,349	160,098	8,100,195	166,432	49,267,031	602,911

NTIC Analysis: 08-Jul-98 .



NEIGHBORHOODS *First*

July 9, 1998

Ms. Jennifer J. Johnson
Secretary of the Board
Federal Reserve System
20th Street and Constitution Av., N.W.
Washington, D.C. 20551

Dear Ms. Johnson:

National Peoples Action (NPA) is submitting this letter to protest the application filed by NationsBank Corporation, Charlotte, North Carolina, to acquire BankAmerica Corporation, San Francisco, California.

NationsBank National LMI and Minority Lending

As stated in our initial protest letter dated May 22, an analysis of 1996 HMDA data for the NationsBank Corporation and its subsidiaries reveals that together these subsidiaries denied non-white applicants nearly twice as often (40.3%) as white applicants (21.31%). These subsidiaries include NationsBank, NA [South]; NationsBank, NA; NationsBank of Texas; NationsBank of Kentucky, NA; NationsBank of Tennessee, NA; NationsBank Mortgage Corporations.

This trend of racial lending disparity mirrors NationsBank's record for lending to underserved census tracts. In low-income census tracts in 1996, Nations Bank denied 35.76% of all applications nationally. The disparity is all the more glaring when compared with the institution's record of lending in upper income census tracts. NationsBank found a mere 17.47% of high income tract applications worthy of denial.

These institution's lending record and overall lack of compliance belies the bank's statements that it is serving the communities in which they are chartered to do so. It is notable that the revised CRA regulations are specifically intended to evaluate actual lending performance, not on special, pigeon-hole programs that do not have a measurable impact on underserved populations and areas, as the data outlined above confirms.

Nevertheless, the application by NationsBank Corp. to acquire BankAmerica Corp. in effect asks the Board of Governors to grant the application while overlooking the bank's performance.

It is unreasonable to assume, with the two or three fold growth in size that will result from the merging of these institutions, that the situation will improve on its own. Our experience with mergers on much smaller scales proves that as decision making and resources move farther away from the communities affected, the lending and services deteriorate even further.

NationsBank Unwillingness to Work with Community Leaders

On Thursday, May 21, we met with representatives from NationsBank and BankAmerica to try and come to an agreement on a plan that would address both national and local concerns.

NationsBank's CRA official, Catherine Bessant, showed a complete lack of willingness to listen to our communities' concerns and to work to address them. Specifically, she stated that her bank would never make agreements with communities, even though such agreements have been our only assurance banks will invest in our LMI communities. Adding insult to injury, Ms. Bessant stated that she would never work with people like us.

When the 11 community groups in the meeting told bank officials that they would be submitting letters to the Federal Reserve protesting the acquisition, Ms. Bessant responded, "Bring it on, we welcome it." We believe this arrogance is unacceptable.

Clearly, the May 21 meeting was an attempt by the NationsBank to stall for almost a month any future action NPA would take that may delay the acquisition.

NationsBank's Non-Compliance with HMDA and CRA

Six of the community groups that are part of the NPA coalition found it difficult to get NationsBank Corp.'s lending data which the bank is required to make available under HMDA and CRA.

Leaders and staff from the Cooperative Resource Center in Atlanta, NTIC in Chicago, Working in Neighborhoods in Cincinnati, Union Miles Development Corp. and the East Cleveland Organizing Project in Cleveland, the Neighborhoods First Alliance in San Antonio, and Sunflower Community Action in Wichita were either unable to obtain this data directly from the bank and its subsidiaries or within the time-frame required by federal law.

In the cases of Chicago and Wichita, the groups were referred to subsidiaries out of state. The institutions in Atlanta, Cincinnati, Cleveland, and San Antonio also did not have the information immediately available and mailed the data at a later date. Mr. Guy Bodine, the president of NationsBank of Texas went so far as to attempt to intimidate the group in San Antonio. Mr. Bodine called the director of the United Way, which funds one of the groups represented. While no one knows exactly what was said in that

conversation, the call resulted in severe probation of the leader.

NationsBank Takes away Local Control upon Acquisition -- Stories from Des Moines, St. Petersburg, and San Antonio

The successful partnerships between community groups and the bank being acquired have proven that these partnerships can be profitable. Community groups like those in the NPA coalition have helped banks get housing and small business loans out in underserved neighborhoods.

However, communities across the country have experienced growing pains as bank have gone from hometown institutions to regional corporations. In the CRA experience of the groups involved in the NPA coalition, acquisitions and mergers threaten standing CRA agreements.

NationsBank, on the other hand, has not understood the need to honor local agreements. In Des Moines, NationsBank corporate officials have refused to allow the local bank that was Boatmen's to renew an agreement upon acquisition. Brenda LaBlanc from Citizens for Community Improvement of Des Moines will speak to that in more detail at the public meeting.

When NationsBank took over Barnett in St. Petersburg, the bank critically weakened the agreement a group had struck with Barnett Bank. NationsBank refused to dedicate the marketing needed to advertise the bank's loan products in the underserved neighborhoods. They also refused to provide staff support for the partner organization so they could do their part in marketing the bank to its members and other residents in the community. Abdul Aziz from Congregations United for Community Action could not testify in person at these hearings, but has sent his written comments for submission into the record (see attached).

Not intimidated by Mr. Guy Bodine's apparent attempts to extinguish criticism of lending practices in San Antonio, Neighborhoods First Alliance requested a public meeting with the state president. Despite data that clearly confirms that NationsBank of Texas is redlining poor and minority neighborhoods in San Antonio, Mr. Bodine and his representatives refused to make any agreements that would commit the bank to increasing their lending in the redlined area. Carlos Richardson will tell that story at today's public meeting.

Each of these stories confirms our fears that NationsBank is taking away local control from its markets. Without being allowed to enter into agreements with community groups, local bank presidents are not able to get the loans into the neighborhoods and meet their CRA obligations. Apparently, NationsBank decision-makers in Charlotte believe the bank is too big to have to meet its obligations on the local level, the only level that will give neighborhoods access to credit.

NationsBank Lending -- Underserving Low and Moderate Income Neighborhoods and Avoiding Accountability to the Community

Attached is a case study of the lending practices of NationsBank NA, NationsBank of Texas, NationsBank Mortgage Corp., and NationsCredit. This study reveals a disproportionately higher level of lending in middle and upper income neighborhoods than in low and moderate income (LMI) communities when compared to the relative income mix of the areas they are chartered to serve.

The study also demonstrates that NationsBank Corp. does most of its lending through subsidiaries not covered under CRA. However, as the law stands today, the institution is allowed to count these loans toward its CRA obligation at its own discretion. This focus on lending through non-CRA subsidiaries leaves the bank open to redlining without accountability from the community.

NationsBank Makes Hollow Commitment of \$350 Billion -- \$115 in Housing Loans -- to "Improve" its Lending Record in LMI and Minority Communities

The day before NPA's May 21 meeting, NationsBank announced a commitment of \$350 billion of investment in low and moderate income communities. Within this commitment is a \$115 billion commitment in housing loans. Research performed by NTIC has found that this is a hollow commitment.

An analysis of 1997 lending by all of NationsBank Corp.'s subsidiaries and acquisitions as well as those by BankAmerica Corp shows that the institutions made 197,933 housing loans for \$11,679,869. The factors considered in this HMDA analysis mirror those that the institution has committed to.

IF you project this same level of lending over 10 years, the bank would make \$116,798,690,000 in housing loans. Therefore, the \$115 billion commitment in housing loans is not an improvement on the institution's past lending record.

The banks' past lending performance has been unacceptable, yet NationsBank has made a huge fanfare about a "commitment" that would not improve the bank's level of lending to minority and low and moderate income neighborhoods and individuals. The Board of Governors must not allow NationsBank to hide behind this hollow commitment.

NationsBank is not serving the convenience and needs of the neighborhoods in the cities signed below as required by the federal law, the Community Reinvestment Act. We urge the Board of Governors to deny NationsBank Corp.'s application to acquire BankAmerica Corp.

Sincerely,

Gale Cincotta
Gale Cincotta, National People's Action; Chicago, IL

Jim Buckley
Jim Buckley, Northwest Bronx Community Clergy Coalition; Bronx, NY

Marilyn Evans
Marilyn Evans, Working In Neighborhoods; Cincinnati, OH

Inez Killingsworth
Inez Killingsworth, Union Miles Development Corporation; Cleveland, OH

Aggie Brose
Aggie Brose, Pittsburgh Community Reinvestment Group; Pittsburgh, PA

Brenda LaBlanc
Brenda LaBlanc, Des Moines Citizens for Community Improvement; Des Moines, IA

Craig Taylor
Craig Taylor, Cooperative Resource Center; Atlanta, GA

Mike Auberger
Mike Auberger, American Disabled for Attendant Programs Today; Denver, CO

Margaret Webb
Margaret Webb, Sunflower Community Action; Wichita, KS

Abdul Aziz
Abdul Aziz, Congregations United for Community Action; St. Petersburg, FL

Rev. Ron Lister
Reverend Ron Lister, Neighborhoods First Alliance; San Antonio, TX

Leslie Reicher
Leslie Reicher, Pittsburgh Community Reinvestment Group, Pittsburgh, PA

Carlos Richardson
Carlos Richardson, Neighborhoods First Alliance, San Antonio, TX

cc: President William J. Clinton
Robert Rubin, Secretary of the Treasury
Julie Williams, Acting Comptroller of the Currency
Ricki Helfer, Chairwoman, Federal Deposit Insurance Corporation
Alan Greenspan, Chairman of the Board of Governors of the Federal Reserve

Stephen Ong, Asst. Vice President, Federal Reserve System
Ruth Clevenger, Community Affairs Manager, Federal Reserve System
Alicia Williams, The Chicago Federal Reserve Bank
Gaile Clark, Federal Reserve System, Richmond, VA
Joy Hoffman-Molloy, Federal Reserve Bank of San Francisco
Althea Worthy, Pittsburgh Community Affairs Liaison, Federal
Reserve System
Hugh McColl, Chairman, NationsBank Corp.
David Coulter, BankAmerica Corp.
Senator Phil Gramm, Texas
Senator Kay Bailey Hutchison, Texas
Senator John Glenn, Ohio
Senator Mike Dewine, Ohio
Senator Rick Santorum, Pennsylvania
Senator Arlen Specter, Pennsylvania
Senator Paul Coverdell, Georgia
Senator Max Cleland, Georgia
Senator Carol Moseley-Braun, Illinois
Senator Richard Durbin, Illinois
Congressman Ciro Rodriguez, Texas
Congressman Mario M. Salas, Texas
Congressman Steve Chabot, Ohio
Congressman Rob Portman, Ohio
Congressman William Coyne, Pennsylvania
Congressman Mike Doyle, Pennsylvania
Congressman John Lewis, Georgia
Congressman Danny Davis, Illinois
Congressman Luis Gutierrez, Illinois
Congressman Jesse Jackson, Jr., Illinois
Congressman Bobby Rush, Illinois
PCRG Members

enc.

July 2, 1998

Board of Governors
Federal Reserve System
20th and C Street, NW
Washington, D. C. 20551

Dear Members of the Board of Governors:

It's like a bad dream to get banks to commit to follow the law that governs Community Reinvestment lending, and it's a nightmare to get them to lend the money they promise. That has been the unpleasent situation facing Congregation United for Community Action (CUCA). And that's only a small part of the reasoning why members of CUCA adamantly and emphatically oppose the merger of NationsBank and Bank of America.

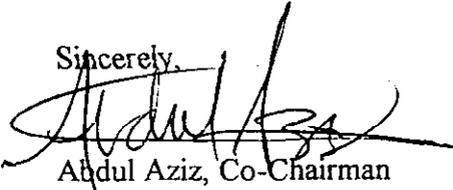
It was in 1994 that CUCA first called the public's attention to redlining by Barnett Bank, who has since been purchased by NationsBank. After a series of meetings and negotiations both CUCA and Barnett Bank overtly entered into an agreement to make \$25 Million of uninsured mortgage loans in the redlined census tracts over a period of three years. They have fallen short considerably of that goal. Barnett Bank also agreed to establish a full-service branch in the redlined census tracts, which never occurred. Now that the bank's corporate office is in N.C., these decision are made from there rather locally. This, however, makes matters even more difficult to redress.

Now we have a situation where a bank with a worse CRA record than Barnett Bank (Who now have ownership in the CUCA-BARNETT AGREEMENT via its purchase of Barnett), left to make CRA loans in the redlined neighborhoods. National representatives for CRA lending for both Nationsbank and Bank of America, on May 21, 1998, in St. Louis Missouri, told us they had no respect for CRA Agreements between Community groups and their respective banks.

With that kind of attitude and lack of concern for the CRA regulations, where do that leave the thousands of people that live in those census tracts, to whom the banks have a duty and responsibility to service, and not play games of omission and exclusion. We feel that our strongest evidence that this kind of exclusionary lending will continue, is the HMDA reports for these banks. That is first-hand evidence that this merger should not take placae without some serious investigation. The track records for both of these financial institutions alone will not warrant or justify this merger.

We pray, that in good conscience, you will heed the cry of people across this land and postpone the approval of this merger, until NationsBank and Bank of America is ready to sit down with the people who deposit monies in their banks, and make right what they have wronged.

Sincerely,

A handwritten signature in black ink, appearing to read 'Abdul Aziz', written over the word 'Sincerely,'.

Abdul Aziz, Co-Chairman
Congregations United for Community Action

TESTIMONY OF
CARLOS RICHARDSON
NEIGHBORHOODS FIRST ALLIANCE (SAN ANTONIO, TX)

at

PUBLIC MEETING ON NATIONSBANK AND BANKAMERICA
FEDERAL RESERVE BANK OF SAN FRANCISCO
JULY 9, 1998

Contents:

- 1) Written testimony
- 2) Analysis of NationsBank HMDA for 1997
- 3) Map of redlined census tracts
- 4) Letter of support from Mario Marcel Salas, San Antonio City Council, District 2

Based on the 1997 HMDA data it is reflected that has redlined the eastern San Antonio community. There were three loans made in our neighborhood. One loan was made to Hispanic for \$14,000, another to an African American for \$21,000 and an undisclosed ethnic group for \$26,000.

NationsBank began negotiations with Neighborhoods First Alliance with the statement "we do not sign agreements with neighborhood groups." This is a clear demonstration of its lack of will in making a commitment.

NationsBank also refused to agree to any measurable goals or time tables to rectify the problems, thus refusing to be held accountable for its performance.

Due to such institutional policies as redlining, the eastern sector is economically deprived. The neighborhood is populated by the elderly and working poor and has not been a participant in the economical growth of the SMSA. The area is besieged by warehouse encroachment, tank farms, and hazardous waste.

The lack of mortgage lending is destroying the residential nature of the neighborhood and encourages the type of investment that destroys the living environment and ultimately the neighborhood itself.

After Neighborhoods First Alliance requested Nationsbank's HMDA data, an executive of the bank discovered one of the organizations was funded by the United Way. The executive called United way and the leader involved was immediately put on job probation. This attempt to cripple our neighborhood leadership demonstrates this corporation's arrogance and willingness to use its power to step on poor communities.

NationsBank Home Mortgage Data for 1997

For the following Eastside Census Tracts 1301, 1302, 1303, 1304, 1305, 1306, 1307, 1308, 1309, 1310, and 1311

81 Total Loan Applications

1 Loan Made for Owner Occupied Purchase of a House (\$14,000)

0 Black

1 Hispanic (\$14,000)

0 White

2 Loans Made for Non-Owner Occupied Purchase of a House (a total of \$47,000)

1 Black (\$21,000)

0 Hispanic

0 White

1 Undisclosed Ethnic Group (\$26,000)

26 Loans to Owners for Repair of Homes

17 Black (a total of \$70,000)

5 Hispanic (a total of \$21,000)

2 White (a total of \$37,000)

1 Undisclosed Ethnic Group (\$3,000)

CITY OF SAN ANTONIO



MARIO SALAS
COUNCILMAN
DISTRICT 2

July 7, 1998

Ms. Jennifer Johnson
Secretary, Board of Governors
Federal Reserve System
20th Street and Constitution Ave., N.W.

Dear Members of the Board of Governors:

As the Councilperson representing San Antonio's District 2, I submit this letter to protest the application filed by NationsBank Corporation of Charlotte, North Carolina to merge with the Bank of America of San Francisco, California. District 2 is located in East San Antonio and is home for much of San Antonio's African American community.

According to a community group in my District, the Neighborhoods First Alliance, the 1997 Home Mortgage Disclosure Act data for NationsBank's operations in San Antonio shows a very poor record of meeting the credit needs of San Antonio's minority and low-income communities. In all of Bexar County, NationsBank made a total of only three loans for the purchase of an owner-occupied home to African Americans. To put it bluntly, NationsBank's lending record in San Antonio's African American community is shameful.

NationsBank's claim that they are serving the communities in which they are chartered to do business is clearly false. Allowing the proposed merger with Bank of America will make an already bad situation worse by shifting decision making authority and financial resources farther away from the people affected.

This concerns me because access to credit is crucial to restoring the integrity of District 2's neighborhoods. Without credit, homeownership declines. And without homeowners with a stake in its well being, a community suffers encroachment by industries looking for areas lacking the political will to keep them out. For too long my district has been singled out as a toxic dumping ground, a Mecca for environmental outlaws such as Aztec Ceramics. This terrible legacy is but one of the consequences of NationsBank's redlining. East San Antonio cannot heal itself without support for the community-based strategies advocated by groups such as the Neighborhoods First Alliance.

Given their lack of responsiveness and their history of redlining and discrimination, I ask the Board of Governors to deny NationsBank and Bank of America's application to merge, or at least remove the application from expedited processing so the Board may more fully investigate NationsBank's compliance with the Community Reinvestment Act.

A handwritten signature in cursive script that reads "Mario Marcel Salas".

Mario Marcel Salas
San Antonio City Council, District 2

MAILING:
P.O. BOX 839966
SAN ANTONIO, TEXAS 78283-3966

CITY OF SAN ANTONIO, TEXAS
CITY HALL (210) 207-7040
FAX (210) 207-7027

SUNFLOWER COMMUNITY ACTION

1124 N. Hydraulic, #204, Wichita, Ks. 67214

(316) 264-9972 (voice) (316) 263-7325 (fax)

June 23, 1998

Board of Governors
Federal Reserve System
20th and C Street, NW
Washington, D.C.

Dear Members of the Board of Governors,

Sunflower Community Action is submitting this letter to protest the application filed to Nations Bank Corporation of Charlotte, North Carolina to merge with Bank of America of San Francisco, California.

We submit to the Board an analysis of Home Mortgage Act Disclosure data for Nations Bank and it's affiliate operation in Wichita, Kansas for the calendar years 1996. This data clearly confirms our belief that Nations Bank and it's affiliates have a very poor record of meeting the credit needs and convenience of Wichita's minority and low-income communities. Specially, in Kansas Nations Bank has closed or sold 20 branches, stating that these areas were not in need of their services. Smaller communities in Kansas are in GREAT need of institutions that will assist in the strengthening of their towns. In a thriving small community, Winfield, KS, population 12,000, Nations Bank gave no small business loans to low-income/minority people. We are waiting to find out home loan activity in the African-American community of that town. Attached you will find a map plotting by census tract the home loan activity of Wichita.

Nationally, the lending picture is just as bleak. In 1996, Bank of America denied only 27.92% of all white applicants in contrast to their denial rate of non-white applicants 44.18% of the time. For Nations Bank the situation is even more disturbing, with non-white applicants denied nearly twice as often (40.3%) as white applicants (21.31%).

This trend of racial lending disparity mirrors both institutions' records for lending to undeserved census tracts in 1996. Nations Bank denied 35.76% of all applications, while Bank of America denied a full 50.98% of all application from low income census tracts. The disparity is all the more

glaring when compared with the institutions' record of lending in upper income census tracts. Bank of America denied only 29.31% of all such applications while Nations Bank found a mere 17.47% of high income tract applications worthy of denial.

Also, attached you will find documentation of our great difficulty in obtaining HMDA data from our "main" bank in Kansas. We found that employees and their bosses of the "main" Nations Bank for Kansas, responsible for CRA, ignorant and confused about what is required by law to have available to the public at the bank. In fact, the public file notebook they pulled out had general Sedgwick county figures for farm and small business data, not full information. The tabs indicating the section for home loan activity was completely EMPTY. Getting HMDA data was extremely difficult, with contradicting messages about what the bank is required to do.

These institutions' lending records and overall lack of compliance belies their statements that they are serving the communities in which they are chartered to do so. It is notable that the revised CRA regulations are specifically intended to evaluate actual lending performance, not on special, pigeon hole programs that do not have a measurable impact on undeserved populations and areas, as the data and stories outlined above confirms.

Nevertheless, the application by Nations Bank Corp. and Bank America in effect asks the Board of Governors to grant the application while overlooking their performance.

It is unreasonable to assume, with the two or three fold growth in size that will result from the merging of these institutions, that the situation will improve on it's own! Our experience with mergers on much smaller scales proves that as decision making and resources move farther away from the communities effected, the lending and service deteriorate even further.

In Kansas, first we were Bank IV, then we were Boatman's, NOW we're Nations. Where is the local ability to impact what a bank does to meet needs in OUR community? There is none. We were told at the largest and most luxurious downtown Nations Bank, that they were just a branch. How can we get what we need for our communities for a branch? Wichita Nations had to have OUR local HMDA data sent from Dallas, Texas. We sent a letter this week from a Mr. Lewis who claimed to be the President of Nations Bank. The letterhead gave NO indication what office or city he was from. It just said NATIONS BANK. Our Nations Bank President is Marilyn Pauly--who is Mr. Lewis?? Mergers have not been good for low-income customers and communities!!!!

On May 21, 1998, representatives from eleven communities from around the country, Wichita included, met with representatives from Nations Bank and Bank of America. Our coalition came to the table with good faith in our hearts, ready to negotiate real dollars and solutions in our communities. Ms. Bessants, Nations Bank executive, was EXTREMELY insulting to all of us. She stated emphatically that, "We [Nations Bank] won't EVER do business with people like you." We feel our complaints are legitimate and to have one of their executives act this way does not show a willingness to solve together the problems going on in our low-income communities. It is apparent by her statement that she finds "people like us" distasteful. This attitude will not be tolerated, and unfortunately for her she will have to continue to deal with "people like us." We refuse to be ignored.

Given the total lack of responsiveness and the institutions' history of indisputable evidence of redlining and discrimination, we ask the Board of Governors to deny Nations Bank Corp. and Bank of America's application to merge, or at the very least, to remove the application from expedited processing so that the Board may more fully investigate the issues raised herein.

Sincerely,

Margaret Webb (MARGARET Webb)
member of Neighborhood
Leadership Team
Sunflower Community Action

**DOCUMENTATION
ATTEMPTS TO ACQUIRE HMDA DATA
NATIONS BANK, WICHITA, KANSAS
SUNFLOWER COMMUNITY ACTION**

May 18, 1998

- 3:30 p.m. Group of 10 community leaders arrives at Nations Bank to acquire HMDA data.
- 3:35 p.m. President, Marilyn Pauly states that the bank has five working days to get HMDA information to the public. She tells us that this bank is a "branch", so they are not required to have the information in the bank. She makes a phone call. Ms. Pauly states that Steve Hastings is out of the bank, but we would be welcome to talk to Gaylynn McGregor who used to be the CRA compliance officer. We were escorted by Ms. Pauly to the CRA office.
- 3:55 p.m. Pres. Pauly goes to get Ms. McGregor. We wait for seven minutes in the reception area. Both Pres. Pauly and Ms. McGregor emerge with a three ring binder. They state that we are more than welcome to look through the entire notebook. We are ushered into a conference room to look through the book. They stated that what we wanted was included in the notebook and again reiterated that we could take as much time as we wanted to look through the data. After probing with questions, we discover that the data in the notebook was broken down by county, not census tracts, for farm, small business, and home loans. We were assured though that we would receive the census tract breakdown from Dallas.

We raised question about a statement in the front of the notebook:

Public Availability - The Community Reinvestment Act requires that the CRA Disclosure Statement be made available to the public as part of an institution's CRA public file. The entire disclosure statement must be available at the main office and if an interstate institution at one branch office in each state within three business days of its receipt from the Federal Reserve Board. In addition, a report must be made available at a branch office within five calendar days of a request being made at that branch.

This is how we understand the statement: Charlotte is the Main office. The downtown Nations Bank is the main branch bank for the state of Kansas. As it reads, the public should be able to see the ENTIRE disclosure



Ann Williamson/The Wichita Eagle

Kathy Johnson, a member of Sunflower Community Action, was one of about 20 people who demonstrated Thursday morning outside NationsBank in downtown Wichita.

Protesters hold rally at NationsBank

■ Demonstrators criticized the bank's lending record in Wichita's poor neighborhoods.

By Molly McMillin

The Wichita Eagle

As their voices echoed throughout NationsBank's large atrium in downtown Wichita, about 20 people protested at the bank Thursday morning, opposing its planned merger with San Francisco-based BankAmerica.

The demonstrators, organized by Sunflower Community Action, a grass-roots neighborhood group, said they fear the merger will lead to fewer loans being made in Wichita's poorest neighborhoods.

As employees and tenants of the building watched from the mezzanine or from office windows overlooking the atrium, police moved the picketing outside the building at Douglas and Broadway.

Margaret Webb, a member of the group, said that because NationsBank is headquartered in Charlotte, N.C., Wichita executives must get permission at the national level before making loans in various neighborhoods — a charge flatly denied by local bank officers.

"I just would like to see more help in our community — I don't think that will happen with the merger," Webb said.

The organization has sent letters opposing the merger to federal regulators.

"We feel strongly about our service and our

commitment to the community," said Marilyn Pauly, president of NationsBank of Wichita.

Pauly spoke to the pickets and offered to meet with them.

The group also is contending that the bank engages in redlining, a charge Pauly vehemently denied. Redlining is the practice of systematically rejecting loan applications from poor neighborhoods.

The bank does a lot to reach out to the community, she said, including seeking out loans in low- to moderate-income areas. NationsBank is committed to helping low-income residents in all areas of the city, she added.

A check by The Wichita Eagle of data filed by the bank under the Home Mortgage Disclosure Act showed that in 1996, the latest date figures are available, the bank denied loans to the poorest of residents in the Wichita area 53 percent of the time.

That figure is higher than the denial rate at Intrust Bank, which denied loans to the same group 30 percent of the time.

But it was lower than that of all banks doing business in the area combined, which denied loans to the lowest-income residents 59 percent of the time.

NationsBank and Intrust are the largest and second-largest banks, respectively, in the Wichita area.

Thursday's protest was part of a nationwide effort in which community groups in cities across the country are demonstrating outside NationsBank and BankAmerica offices.

"Banks redlined for years until we stepped up to hold them accountable," said Gale Cincotta, national chairwoman of National People's Action, a Chicago-based coalition of neighborhood groups.

"The main result of megamergers will be 'mega redlining' if NationsBank and BankAmerica get permission to merge without oversight from the rest of us."

The demonstrators fear the larger financial conglomerate will roll back any reinvestment gains the individual banks have made.

That will not be the case, said Doug Woodruff, NationsBank senior vice president, community investments, in St. Louis.

"The fact that we're going to be the largest bank in this country is what gives us the ability to make the investment," Woodruff said.

Late last month, the bank announced that it would invest \$350 billion into low- to moderate-income communities across the franchise.

That means the Wichita branches will have the money they need to meet the needs of the community, Pauly said.

Sunflower Community Action of several groups that met with officers in St. Louis earlier this morning, asking for more community investment.

"Historically, we've looked to commitments broadly defined to include all interested people in communities," Woodruff said. "We have historically not wanted to out individual organizations in to sign agreements."

On a national level, NationsBank has been the target of protest by community groups that have opposed other mergers by the bank.

The Community Investment Act, enacted in 1977, requires each bank to assess and help meet the needs of the entire community in which the bank operates.

Molly McMillin writes about bank real estate and economic development. She can be reached at 269-6700 or at mmcmillin@wichitaeagle.com

11-1-97

NationsBank sells, closes 10 branches

■ Company says it wants to be market leader in the communities it serves.

By Molly McMillin

The Wichita Eagle

Within the past four months, NationsBank Corp. has either closed or sold 10 of its branches in smaller Kansas communities.

The branches are those that either are near another NationsBank location or are not cost-efficient enough to remain open, company officials said.

None of the towns will be left without a bank.

In five communities, NationsBank has sold its only branch in the town.

The overriding reason is that these were in communities where we were

not the No. 1 or even the No. 2 bank," said Roger Ramseyer, a company spokesman. "NationsBank has the strong desire to be the market leader in the communities in which it does business.

Sue Anderson, executive director of the Community Bankers Association in Topeka, has said that the sales and closings indicate that NationsBank does not have much interest in small towns.

Ramseyer says that characterization is wrong. The bank is committed to the areas in which it does business, he said.

For example, he said, NationsBank just made a \$10,000 donation to Hays Medical Center.

In addition, "we're here to get bigger, not to get smaller," Ramseyer

said.

In each case, the branches were sold to small, community banks. Western State Bank of Garden City has purchased the NationsBank branch in Goodland; Farmers State Bank of Oakley has purchased the branch in Colby; and First State Bank & Trust of Larned bought a branch each in Pratt and Iuka. In addition, a sale agreement is near on a branch in Ottawa, Ramseyer said.

NationsBank also has closed one branch each in Dodge City, Salina, Hays and Garden City. A full-service branch in Topeka has changed to a drive-through branch. NationsBank decided not to close one of its branches in Coffeyville.

"That completes our physical changes on our selling side," Ram-

seyer said.

At the same time, NationsBank is in the process of assessing opportunities in the markets in which to expand, he said.

NationsBank, based in Charlotte, N.C., bought Boatmen's Bancshares Inc. of St. Louis in January. It inherited the branch locations owned by Boatmen's, including the Bank TV branches Boatmen's had acquired in 1996 — 69 of them outside the Kansas City metropolitan area.

The purchase made NationsBank the fourth-largest financial institution in the United States.

Molly McMillin writes about banking, real estate and economic development. She can be reached at 269-6708 or at mmcmillin@wichita eagle.com

Des Moines:

BoFA, FSB denials
 * low -- 35.4%
 * mod -- 20.5%
 * mid -- 26.2%
 * high -- 19.2%

New York:

BoFA, FSB denials
 * very low -- 13.2%
 * low -- 10.3%
 * mod -- 10.7%
 * mid -- 10.5%
 * high -- 7.2%

Pittsburgh:

BoFA, FSB denials
 * very low -- 45.7%
 * low -- 37.3%
 * mod -- 26.6%
 * mid -- 23.1%
 * high -- 13.5%

San Antonio:

NB of Texas denials
 * white -- 30% (24/60)
 * minority -- 47% (39/83)
 NB Mortgage Corp denials
 * white -- 10.4% (14/134)
 * minority -- 26% (19/73)

Tampa / St. Petersburg:

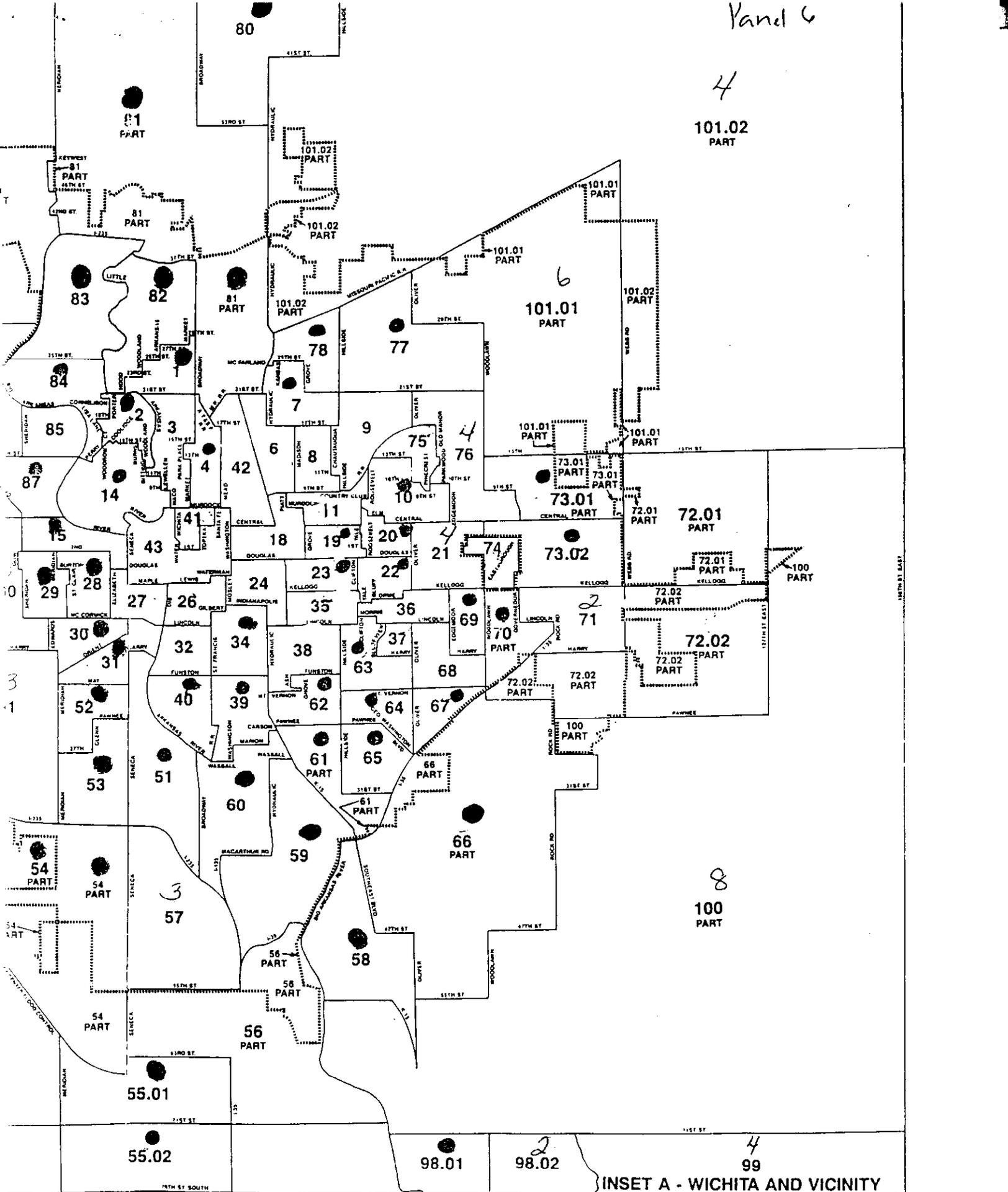
BoFA, FSB denials
 * very low -- 50.7%
 * low -- 47.5%
 * mod -- 40.9%
 * mid -- 33.3%
 * high -- 23.5%

Wichita:

BoFA, FSB denials
 * very low -- 40.0%
 * low -- 21.2%
 * mod -- 20.2%
 * mid -- 19.6%
 * high -- 15.6%

Parcel 6

4
101.02
PART



INSET A - WICHITA AND VICINITY

Panel #6

ERNEST E. (Gene) ORTEGA
HOME EDUCATION
LIVELIHOOD PROGRAM
7-9-98

Written submission

My name is Ernest E. (Gene) Ortega. I live in Albuquerque, New Mexico. I have been involved in low-income housing and community development work in all parts of New Mexico for more than 30 years. I am submitting testimony because I am apprehensive about this proposed merger and what it might entail for my State. After many discussions with bank officials, I remain apprehensive because they have refused to make specific, written, and enforceable commitments to us that we will be better served after this merger.

I am alarmed by the overall trend toward national institutions. As I will describe to you, a national approach will not work in New Mexico.

To the Federal Reserve and all other federal bank regulators, I want to point out to you that you must find a way to address this challenge of making sure national banks serve New Mexicans. In 1997, Bank of America received an "outstanding" CRA rating, largely on its efforts in California, Washington, and Portland, Oregon. But let me quote to you from that report by the OCC. On page nine, it reads: "Bank of America's historical commitment has not been fully exported to the bank's other areas." And New Mexico was identified as one of these areas in that report.

The CRA does not mean that New Mexicans can be neglected because Californians are better served. We need a CRA commitment for New Mexico based on New Mexico's needs, not its "market share" as the banks have proposed. Rural communities suffer with this approach and tend to be neglected.

I will explain to you why a specific, written and enforceable lending agreement for New Mexico and other underserved areas should be a condition for approval of this merger; why a national commitment such as the one the banks already

made will not serve us; and why CRA regulators are going to have to change the way they operate in order to continue enforcing the law.

A lot of what I do involves developing housing for people who don't have access to regular bank financing either because they have problems making a down-payment, or they live in areas that banks don't serve. I am also a developer of rental housing for very low-income people who can't afford to buy their own homes.

I am also Hispano. I have worked for lot of my life with civil rights organizations that are dedicated to fighting discrimination and making sure that our country's private and public institutions promote racial justice.

I am also a New Mexican. That means that I come from a State that is proud of its complex history of relationships between people of different backgrounds. In New Mexico, our landscape still largely reflects this history; many New Mexicans live in pueblos and on Indian trust lands. Many New Mexicans of Hispano descent still live in rural villages where the language spoken at home was inherited directly from Spanish and Mexican colonists in the sixteenth century. Like me, roughly half of the residents of our State live in cities like Albuquerque, Santa Fe, and Las Cruces.

Serving our State's complex landscape requires a special effort from institutions. I know this personally because I am involved in housing and community development activities in Albuquerque, Las Cruces, Santa Fe, Farmington, and the State's rural areas. I have learned a lot from the challenges of working in my State's different communities.

I think this long introduction is important because I want the Federal Reserve Board and others listening today that New Mexico's complex landscape presents

a real challenge to institutions operating there. In our State, there is no single product, no single practice, not even a single language that will serve everyone in our State's diverse geography. Successful practices in different parts of New Mexico require special attention to the social differences of our State.

This is why the trend toward national banks makes me very nervous about the future of my State and whether I can support the application between NationsBank and Bank of America as currently being proposed.

Sunwest Bank, the predecessor to NationsBank had made a commitment to serving difficult-to-reach communities, and data from the Home Mortgage Disclosure Act showed this. Our state was comparatively well served by the local institution, Sunwest Bank, but as that bank was acquired by Boatmen's Bank from St. Louis and then NationsBank in Charlotte, its share of home loans has steadily fallen. Sunwest's home purchase mortgages in Albuquerque fell by 66% from 1994 to 1996. The Bank's market share of home improvement loans also fell by a third over that period. I worry that these trends signal a declining commitment from this bank.

Bank of America needs improvement in its efforts to serve equitably all Albuquerque residents: between 1994 and 1995, the Bank had a 17% market share for home improvement loan originations for people identified as Anglos in Albuquerque, but only a 6% share of originations for people of Hispano or African-American descent. The Bank had a 3% market share for Native Americans in Albuquerque. Over three years, Bank of America received 10% of all home improvement loan applications from Hispanos, but was responsible for 16% of all denials. For all institutions, even upper-income Hispanos were denied 75% more often than Anglos for home-improvement loans in Albuquerque. One result from this is that Hispanos in Albuquerque tend to get

their home purchase financing from Green Tree Financial and other "sub-prime lenders" at nearly three times the rates of Anglos.

One of the most striking practices by Bank of America is its apparent segregation of lending activities by income level between Bank of America New Mexico and Bank of America, FSB. Bank of America New Mexico and Bank of America FSB apparently specialized in serving different mortgage markets: Bank of America FSB showed high numbers of mortgage originations for low-income borrowers while Bank of America New Mexico appeared to emphasize higher-income borrowers.

Bank of America New Mexico originated 140 home improvement loans to upper-income applicants and only 30 home improvement loans to low-income applicants in the Albuquerque MSA in 1994. Bank of America's market share among all lenders in the Albuquerque MSA for this year was 10.4% for upper-income applicants and only 3.2% of all home improvement loans for low-income applicants. This pattern of a greater market share amongst higher-income applicants was repeated over the three-year period between 1994 and 1996 for both home improvement loans and home purchase loans.

In every year, Bank of America's market share in loans to upper-income borrowers was nearly double or triple its market share to lower-income borrowers. In the absolute number of originations, the ratio of originations to high-income versus low-income borrowers was as high as ten to one. For example, in 1995, the Bank originated 306 home improvement loans to upper-income borrowers in Albuquerque - a 19.2% market share- and thirty-nine home improvement loans to low-income borrowers a 5% share. In the same year, the Bank originated thirty-two home purchase loans to low income borrowers - a 1.5% market share - and 213 loans - a 3% market share-to upper income borrowers.

Bank of America NM's skewed pattern of lending was almost exactly mirrored by its affiliate, the Bank of America FSB based in Portland. But while Bank of America NM's facility was focused on upper-income borrowers, its savings association was focused on originations to low-income borrowers. The savings association had a market share for low-income borrowers—3.3% of all originations—that was more than triple the market share for upper-income borrowers—0.4% market share in 1994. For each of the three years studied, the savings bank's market share for low-income borrowers was at least three times its share for upper-income borrowers.

The apparent institutional segregation of originations by income level may signal a disparity in both product and services to low-income home mortgage borrowers.

Bank of America NM's overall housing lending was substandard—in other words, it did not perform as well as its peers in serving hard-to-reach submarkets. As stated above, the Portland-based affiliate had a high market share in home purchase loans to low-income residents in the State's three metropolitan areas. Neither institution was a significant player in housing lending outside the metropolitan areas.

Bank of America New Mexico was active in small business and small farm lending throughout the State. B of A's performance was below market standards in lending to very low-income census tracts in Albuquerque and the State's northwest and southeast regions. B of A's share to low-income tracts (between 50% and 80% of area median) was higher than average in the state's three metropolitan areas and in the southeast, but below average in the State's northwest and southwest.

We don't know if Bank of America's 8 month-old "Rural 2000 Community Development Initiative" has produced much in New Mexico, but we should honor its goals. Also, I am proud to serve on Bank of America's CRA advisory committee, which, I think, provides a better relationship between advocates and the Bank than does NationsBank's annual CRA forums.

Both NationsBank and Bank of America need to create specific sub-goals for serving Native Americans in New Mexico.

If we get a specific, enforceable commitment for New Mexico, then I can support this merger.

Sunwest, NationsBank's predecessor in New Mexico was a market leader in small business and community development lending, but its level of service to our communities appears to have declined recently. We need to make sure that NationsBank, at a minimum, maintains Sunwest's level of lending and investment.

In New Mexico, some divestiture of assets would be necessary to reduce the monopoly power if the merger were approved. Let's set criteria for the divestiture of those assets. I propose that any institution assuming those assets must have a New Mexico CRA rating higher than that of either Sunwest Bank or Bank of America in New Mexico

My support for the merger would be contingent on the Banks:

1. Presenting specific implementation plans for the 350 billion as it relates to New Mexico.
2. Presenting a specific plan for monitoring the 350 billion commitment as it would impact New Mexico.
3. Continuation and expansion of Bank of America's Rural 2000 Initiative.

4. Continuation of B of A's CRA Advisory Committees.
5. Assurances that divestiture does not dilute CRA activities in New Mexico's Rural Communities.
6. Development of specific CRA initiative for New Mexico's Native American pueblos and reservations.
7. Presentation of a plan which addresses closing of branches due to the over-lapping of the two banks. What happens to the minorities in branches which are closed? How will consumers continue to be served?
8. Assurance that bank charges will not escalate for low, moderate, and rural consumers.

If the past is any guide, the proposed \$350 billion CRA commitment won't mean much to New Mexico. I urge the Federal Reserve and other regulators reviewing this application to help us create a financial system that truly addresses New Mexico's credit and community development needs.

I am worried about a decline in commitment from these institutions as they merge and become national in scope. Second, the unevenness of their lending across my State's complex social landscape suggests a two-tiered, unequal, and therefore unfair banking system. Third, I am concerned that the Banks have so far refused to put into writing a commitment to our proposed remedies for this situation. And lastly, I am worried that the Federal Reserve won't assist us in ensuring that our banking system does not reinforce social inequalities that we are fighting so hard to remove. I welcome the Banks' and the Federal Reserve's efforts toward these goals.

Thank you.

Panel 6

ERNEST E. (Gene)
ORTEGA

Home Education
Livelihood
Program

SPOKEN TESTIMONY

MY NAME IS GENE ORTEGA. I LIVE IN ALBUQUERQUE, NEW MEXICO. I 7-9-98
HAVE BEEN INVOLVED IN LOW-INCOME HOUSING AND COMMUNITY
DEVELOPMENT WORK IN RURAL AND URBAN NEW MEXICO FOR MORE
THAN 30 YEARS. ~~THE~~

I WOULD SUPPORT THIS MERGER IF THE BANKS MADE SPECIFIC,
WRITTEN, AND ENFORCEABLE COMMITMENTS THAT NEW MEXICANS
WILL BE BETTER SERVED BY THIS MERGER. AS BANK OF AMERICA'S
LAST CRA EVALUATION SHOWS, NATIONAL COMMITMENTS DON'T
ALWAYS TRANSLATE INTO BETTER LENDING FOR NEW MEXICO.

I AM ALARMED BY THE OVERALL TREND TOWARD NATIONAL
INSTITUTIONS. A NATIONAL APPROACH WILL NOT WORK IN NEW
MEXICO. NEW MEXICO HAS WHAT IS KNOWN AS THE LOU WALLACE
AFFECT - IF IT WORKS SOMEWHERE ELSE, IT DOESN'T WORK IN NEW
MEXICO

THE FEDERAL RESERVE HAS A RESPONSIBILITY TO ENSURE THAT A
MERGER OF THIS MAGNITUDE DOES NOT ADVERSELY AFFECT THE
CONSUMERS IN NEW MEXICO.

MY SUPPORT FOR THE MERGER WOULD BE CONTINGENT ON THE
BANKS:

1. PRESENTING SPECIFIC IMPLEMENTATION PLANS FOR THE 350
BILLION AS IT RELATES TO NEW MEXICO.
2. PRESENTING A SPECIFIC PLAN FOR MONITORING THE 350
BILLION COMMITMENT AS IT WOULD IMPACT NEW MEXICO.
3. CONTINUATION AND EXPANSION OF BANK OF AMERICA'S
RURAL 2000 INITIATIVE.

4. CONTINUATION OF B OF A'S CRA ADVISORY COMMITTEES.
5. ASSURANCES THAT DIVESTITURE DOES NOT DILUTE CRA ACTIVITIES IN NEW MEXICO'S RURAL COMMUNITIES.
6. DEVELOPMENT OF SPECIFIC CRA INITIATIVE FOR NEW MEXICO'S NATIVE AMERICAN PUEBLOS AND RESERVATIONS.
7. PRESENTATION OF A PLAN WHICH ADDRESSES CLOSING OF BRANCHES DUE TO THE OVER-LAPPING OF THE TWO BANKS. WHAT HAPPENS TO THE MINORITIES IN BRANCHES WHICH ARE CLOSED? HOW WILL CONSUMERS STILL BE SERVED?
8. ASSURANCE THAT BANK CHARGES WILL NOT ESCALATE FOR LOW, MODERATE, AND RURAL CONSUMERS.

THE CRA DOES NOT MEAN THAT NEW MEXICANS CAN BE NEGLECTED BECAUSE CALIFORNIANS ARE BETTER SERVED. WE NEED A CRA COMMITMENT FOR NEW MEXICO BASED ON NEW MEXICO'S NEEDS, NOT ITS "MARKET SHARE" AS THE BANKS HAVE PROPOSED.

THE FEDERAL RESERVE AND ALL OTHER BANK REGULATORS MUST FIND A WAY TO MAKE SURE THAT NATIONAL BANKS SERVE SMALL MARKETS LIKE NEW MEXICO. IN 1997, BANK OF AMERICA RECEIVED AN "OUTSTANDING" CRA RATING, LARGELY BASED ON ITS EFFORTS IN CALIFORNIA, WASHINGTON, AND PORTLAND. BUT AS THE OCC SAYS: "BANK OF AMERICA'S HISTORICAL COMMITMENT TO THE CRA HAS NOT BEEN FULLY EXPORTED TO THE BANK'S OTHER AREAS." THE OCC GAVE BANK OF AMERICA'S LENDING AND INVESTMENTS IN NEW MEXICO A GRADE OF "LOW SATISFACTORY." WILL THIS ALWAYS BE TRUE IN AN ERA OF NATIONAL BANKS?

THE QUESTION FOR ALL OF US IS HOW CAN WE ENSURE THAT WE GET THE BEST OF BOTH BANKS FROM THIS MERGER?

WE DON'T KNOW IF BANK OF AMERICA'S 8 MONTH-OLD "RURAL 2000 COMMUNITY DEVELOPMENT INITIATIVE" HAS PRODUCED MUCH IN NEW MEXICO, BUT WE SHOULD HONOR ITS GOALS. ALSO, I AM PROUD TO SERVE ON BANK OF AMERICA'S CRA ADVISORY COMMITTEE, WHICH I THINK PROVIDES A BETTER RELATIONSHIP BETWEEN ADVOCATES, CONSUMERS, AND THE BANK THAN DOES NATION'S BANK'S ANNUAL CRA FORUMS.

BOTH NATIONSBANK AND BANK OF AMERICA NEED TO CREATE SPECIFIC SUB-GOALS FOR SERVING NATIVE AMERICANS IN NEW MEXICO.

IF WE GET A SPECIFIC, ENFORCEABLE COMMITMENT FOR NEW MEXICO, AS I PREVIOUSLY STATED, THEN I CAN SUPPORT THIS MERGER.

SUNWEST, NATIONSBANK'S PREDECESSOR IN NEW MEXICO, WAS A MARKET LEADER IN SMALL BUSINESS AND COMMUNITY DEVELOPMENT LENDING, BUT ITS LEVEL OF SERVICE TO OUR COMMUNITIES APPEARS TO HAVE DECLINED RECENTLY. WE NEED TO MAKE SURE THAT NATIONSBANK, AT A MINIMUM, MAINTAINS SUNWEST'S LEVEL OF LENDING AND INVESTMENT.

IN NEW MEXICO, SOME DIVESTITURE OF ASSETS WOULD BE NECESSARY TO REDUCE THE MONOPOLY POWER IF THE MERGER WERE APPROVED. LET'S SET CRITERIA FOR THE DIVESTITURE OF THOSE ASSETS. I PROPOSE THAT ANY INSTITUTION ASSUMING THOSE ASSETS MUST HAVE A NEW MEXICO CRA RATING HIGHER THAN THAT OF EITHER SUNWEST BANK OR BANK OF AMERICA IN NEW MEXICO.

IF THE PAST IS ANY GUIDE, THE PROPOSED \$350 BILLION CRA COMMITMENT WON'T MEAN MUCH TO NEW MEXICO. I URGE THE FEDERAL RESERVE AND OTHER REGULATORS REVIEWING THIS APPLICATION TO HELP US CREATE A FINANCIAL SYSTEM THAT TRULY ADDRESSES NEW MEXICO'S CREDIT AND COMMUNITY DEVELOPMENT NEEDS.

I HAVE MADE SOME RECOMMENDATIONS IN MY SPOKEN REMARKS, AND I REQUEST THAT MY WRITTEN TESTIMONY BE INCLUDED IN THE RECORD OF THIS HEARING.

THANK YOU VERY MUCH.

Panel 6
7-9-98



THE COMMUNITY REINVESTMENT AND DEVELOPMENT TASKFORCE
Post Office Box 25242 / Albuquerque, New Mexico 87125 / Phone 505-764-8867 / Fax 505-764-9121

My name is Rockling Todea. I was born and raised on the Navajo Reservation in northwest New Mexico. Today, I live in Albuquerque, New Mexico. I have been working in the field of community-based economic development since the early 1970s. I am representing the Community Reinvestment and Development Taskforce, a consortium of community-based organizations concerned about low-income housing, community development, and fair access to capital. Members of our coalition have been working on CRA-related issues in New Mexico for decades.

The question before us is this: How can we ensure that New Mexicans obtain the best outcome from this merger?

First, the Federal Reserve and other CRA regulators must devise a way to ensure that nationwide banks better serve small markets like New Mexico. Consider the following:

- The Office of the Comptroller of the Currency's (OCC) recent CRA evaluation of Bank of America's New Mexico lending and investment gave the Bank a "Low Satisfactory" rating. But the Bank received an overall "Outstanding" rating based just on its lending in California, Washington, and Portland, Oregon.
- According to the OCC examination, Bank of America made few community development investments during the period of study in New Mexico.
- Bank of America's overall housing lending to low-income and other traditionally underserved groups in New Mexico was substandard when compared to that of other lenders.
- Between 1994 and 1996, Hispanics, American Indians, and African Americans all experienced mortgage application denial rates significantly higher than did Anglo borrowers (by all banks), even when controlling for income levels. Applications by upper-income Hispanics were denied 75% more often than applications from upper-income Anglos. Over the same period, Bank of America received 10% of all home improvement loan applications from Hispanics in the Albuquerque MSA, but was responsible for 16% of all denials.

Second, we strongly support a written, enforceable commitment that the Banks are committed to changing this status quo in New Mexico. We believe that approval of this merger—and support from the public—should be based on the following conditions:

- A written commitment to traditionally underserved New Mexicans who live in rural areas, inner-cities, and who are members of groups neglected by lenders.
- The establishment of a sub-goal for Indian Country that will spell-out how the merged entity would better serve Indian Country.
- A divestiture plan that will ensure that the assets are sold to lenders with a superior record in meeting the needs of traditionally underserved New Mexicans.

Small business lending decisions are usually based on relationships between a lender and a small business or small farm owner. Nationwide banks using national strategies can't be depended upon to focus on New Mexico's special business circumstances.

Recently, a group of Navajo ranchers formed a cooperative on what is referred to as the "checkerboard" area of the Navajo Reservation. Their research was exceptional, the business plan brilliantly conceived, financial forecasts expertly supported by market research, and management

capacity was beyond question. The Bureau of Indian Affairs determined that this venture was not on trust land, and therefore the ranchers did not qualify for a loan guarantee. The Banks on the other hand refused to make the loan because the project was in Indian Country. It did not matter to these institutions that these family ranchers have been ranching since the turn of the century and that market conditions spelled opportunity in bold capital letters.

Banks wouldn't come near this project as a matter of long-standing policy, not because it was a bad deal. The government agency that is mandated to assist Indians refused assistance because of outdated policy and practice. The status quo prevailed.

The "one size fits all" approach by nationwide banks to small business lending and community development is not the answer. The banks in question have demonstrated little if any capacity to serve New Mexico's Native American communities. They have refused to commit to maintaining their level of lending to our State.

To add to our problems, the proposed merger will remove lending decisions from the local communities and place it outside the State. How is a loan officer located somewhere on the east or west coast supposed to evaluate a proposal coming from New Mexico? Would that loan officer understand that the values and needs of Native Americans are different than their surrounding neighbors? We fear not. What will happen if the Banks are allowed to close their branches in rural New Mexico?

- Sunwest Bank historically has been a major player in small business and small farm lending throughout New Mexico, but according to federal data, its performance was sub-par in lending to small businesses and small farms in very-low income areas in Albuquerque and in the State's northwest quadrant.¹
- Sunwest Bank's level of mortgage lending has declined since its acquisition by Boatmen's Bank in St. Louis—subsequently acquired by NationsBank in 1997—based on data reported by federal regulators from 1984 through 1996. NationsBank has so far refused to agree to maintain Sunwest's level of commitment to New Mexico's small business and small farm communities.²

We worry about declining services for traditionally underserved areas and population groups, and we are alarmed by the trend toward higher fees that is being led by big banks. We are especially alarmed by big banks' apparent anti-competitive practices.

- The Public Interest Research Group's 1997 survey showed that "there is a trend of more, and higher fees" at big banks. According to the report, over 12 million families nationally can't afford bank accounts. The study shows that the difference in costs for retail financial services between big banks and small banks—and between multi-state banks and locally-owned banks—is widening.
- NationsBank charges consumers fees as high as \$2 who call not only human tellers but also computer call centers. Also, according to the report, the Bank's system identifies the consumer and queues the caller either at the front or the rear of the queue according to its analysis of the caller's profitability.³ For New Mexico, the PIRG study identified Bank of America as one of the most aggressive in charging fees for retail financial services.
- Mergers mean branch closures. There are forty NationsBank and Bank of America branches in New Mexico within one third of a mile of each other—twenty-eight in Albuquerque alone. Branch closures and sales must not hurt underserved communities.

¹ These statements are based on the latest Community Reinvestment Act Aggregate and Disclosure Statements, published by the Federal Financial Institutions Examination Council in December 1997.

² Home Mortgage Disclosure Act statements, 1994-1996, published by the Federal Financial Institutions Examination Council.

³ Bob Trigaux, "Bank Will Rank Callers' Worth," St. Petersburg Times, April 25, 1997.

Panel 6

Robert G. Wells
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Chama, NM 87520
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**Presentation to the To The Federal Reserve Board
July 9, 1998**

My name is Robert Wells, live in Chama, NM.

I am an accountant and self-employed consultant to small business in that part of the state.

I want to express to this body my concern regarding the impact of this merger towards "Rural America", of which I believe the area that I am from is very typical of.

I will admit that I am not well versed on many of the issues of other communities on a national scale, but I will say that I find some very alarming trends in banking practices that are definitely affecting the way we have done business in the past.

In Northern New Mexico, especially the Chama Valley area, the lending policies, community involvement and benefits are not being addressed fairly...this is a great concern!

This geographic area of the state consists ^{of} a community bank and a Nationsbank branch, which is rumored to be up for sale or subject to be closure. The next competitive bank is located 90 miles away...this is Rural America! Northern New Mexico is also home to Jicarilla Apache Tribe, one

of the wealthiest Indian tribes in the ^{Country} county. Several members of that tribe, not to mention many local businesses are not being served by our "local banks". To correct my prior statement that we have only 2 banks, I will add a comment to say that Norwest Bank does have a branch on that Reservation, but to my knowledge, this branch was recently opened to accommodate casino operations revenues, in addition to some tribal transactions.

Four years ago, the main bank in town was known to us ^{as} a Sunwest Bank, approximately two years ago it was purchased by Boatman's and is today a NationsBank branch.

Regarding some lending practices:

- I know of a current transaction where a loan of \$ 180,000, that was originally a Sunwest Bank note, carried a 15 year amortization with a three year call that is collateralized by at least \$ 500,000 in real estate. It was normal in the past to automatically renew notes of this type if the payments remained current and never been in default. It is not the case today.
- 90 day to 180 day \$ 5-10K "winter bridge" loans require excessive real-estate collateral.
- And there are many other examples.

It is my understanding that there has been no plan to address the above issues...and I don't know if one is planned.

NationsBank, according to a recent advertisement in the Albuquerque Journal said that it has committed \$ 350 Billion to community "Re-investment". To citizens of my area we have not seen a mere Investment, much less "re-investment!"

I, therefore ask the Federal Reserve Board to require a lending policy with conditions and commitments that address the banking needs of Rural America as condition to your approval of this merger.

Thank you very much.