

**Inner City Press
Community on the Move
&
Inner City Public Interest Law Center**

*Panel 19
Kathryn Su
speaking
Matt
Lee*

July 10, 1998

Ms. Dolores S. Smith
Presiding Officer
Federal Reserve Bank of San Francisco
101 Market Street
San Francisco, CA 94105

**RE: ICP's Attached Testimony To Be Presented by the
California Reinvestment Committee**

Dear Presiding Officer Smith, members of the Panel:

This letter confirms that the California Reinvestment Committee is authorized and invited to present the attached testimony at the Public Meeting on July 10, 1998. For your information, our organization presented CRC's testimony at the Public Meeting on the Travelers-Citicorp proposal, held at the Federal Reserve Bank of New York on June 25, 1998. We thank CRC for returning the favor, and note that we will be submitting further written comments on or behalf July 16, 1998. If you have any questions, please telephone me at (718) 716-3540.

Very Truly Yours,
Matthew Lee
Matthew Lee, Esq.
Executive Director

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TESTIMONY OF MATTHEW LEE, INNER CITY PRESS/COMMUNITY
ON THE MOVE (AND ALSO ON BEHALF OF THE NEW MEXICO
ALLIANCE AND BLACK CITIZENS FOR JUSTICE, LAW AND
ORDER), IN OPPOSITION TO THE APPLICATIONS OF
NATIONSBANK TO ACQUIRE BANKAMERICA & ITS SUBSIDIARIES
FEDERAL RESERVE BANK OF SAN FRANCISCO

JULY 10, 1998

Good morning, Ms. Smith and other members of the panel. This is the testimony of Matthew Lee, Executive Director of Inner City Press/Community on the Move and of the Inner City Public Interest Law Center (together ^{known as} "ICP"), which the California Reinvestment Committee has been kind enough to present. ICP on May 6 filed a 54-page protest to this application, along with Black Citizen for Justice, Law and Order of Dallas, Texas, and the New Mexico Alliance, two of whose members, Gilbert Sanchez and Robert Wells, you heard from yesterday. We are opposed to this proposed merger, primarily due to NationsBank's continued predatory and discriminatory practices through its finance companies NationsCredit and EquiCredit, and due to the anticompetitive and branch closing effects the proposed merger would have in New Mexico and in Dallas, Texas. NationsBank's ill-defined Community Reinvestment pledge does nothing to address these issues -- in fact, as explained in a moment, NationsBank's

failure to live up to its commitment with regard to NationsCredit call into question whether the Board could rely on NationsBank's press release pledge.

In 1996, when NationsBank announced its proposal to acquire Boatmens Bancshares, including its subsidiary Sunwest, the largest bank in New Mexico, ICP and the New Mexico Alliance filed comments with the Federal Reserve Board. We critiqued the lending of NationsBank and its higher than normal interest rate finance company, NationsCredit, and documented that NationsBank was referring applicants ^{who were} (disproportionately African Americans and Hispanics) from its banks to NationsCredit, which offers higher than normal interest rate credit, but that NationsCredit had no policy or program to refer "up" to NationsBank applicants who were entitled to normal interest rate credit. We showed that NationsBank has been closing branches in low income communities of color, and has been opening NationsCredit offices in these communities. The Board refused to conduct an examination of NationsCredit, but did ask NationsBank how many lawsuits were pending against NationsCredit. NationsBank submitted a skeletal list of 119 lawsuits then pending against NationsCredit. We showed that the list was incomplete -- but even if it were not, it would seem that that volume of litigation would trigger some examination by the Federal Reserve. During that protest, NationsBank's CRA Officer was quoted in U.S. News & World Report to the effect that NationsCredit would institute a practice of referring applicants who were entitled to normal interest rate loans up to NationsBank's banks, from NationsCredit, and that this would be done by February 1997.

NationsBank refused thereafter to provide information about NationsCredit or this promised change. In January of this year, we were informed by the Office of the Comptroller of the Currency that NationsCredit has still not instituted any "referral up" program. NationsBank has since confirmed this, proffering as its excuse that there has been "a lot of turn over" at NationsCredit. Most recently, the Federal Reserve itself asked NationsBank to describe all current and planned referral programs between its banks, mortgage company and finance companies. NationsBank's response has been that everything is in flux.

Simply put, NationsBank's \$350 billion Community Reinvestment commitment is not credible, since NationsBank has not lived up to its previous commitments. It is also important to note that NationsBank has refused to make any more specific geographic commitments, at even the state, much less county, level. But the key point, to us, is that NationsBank's promises of future improvements -- do not in fact take place.

After NationsBank bought Boatmen's and Sunwest, NationsBank quickly closed eight branches in New Mexico, even though there was not overlap between NationsBank and Sunwest: The Federal Reserve has said, in its NationsBank-Boatmens conditional approval order, that it would "monitor" NationsBank's branch closings, but this has had little to no effect. More recently, after gaining approval to acquire Barnett Banks of Florida, NationsBank has moved to close over 200 branches in Florida.

In this proposal, NationsBank and Bank of America overlap in New Mexico and Dallas. NationsBank has again refused to disclose how many or

which branches it would close; it has also put forth a laughably low divestiture proposal, that would allow it to dominate and raise prices in Dallas and a number of New Mexico markets. NationsBank has apparently paid numerous groups to come and testify in its support at this public meeting, but the fact, as they say, are the facts:

--NationsBank said it would institute a referral up program from NationsCredit to its banks by February 1997, and NationsBank DID NOT DO SO.

--This proposed merger would be anticompetitive in Dallas and numerous New Mexico markets, and NationsBank's divestiture proposal is sorely insufficient.

--NationsBank has refused to disclose what the actual effects of the merger would be, including in branch closings.

There are other adverse issues, including the foreseeable loss of various Bank of America programs, ably raised by the California Reinvestment Committee and others. For all the reasons stated, this proposed merger should be denied. Thank you for your attention; we will be submitting further written comments by July 16, 1998. Thank you.

Inner City Press
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ADDENDUM TO

TESTIMONY OF MATTHEW LEE, INNER CITY PRESS/COMMUNITY
ON THE MOVE (AND ALSO ON BEHALF OF THE NEW MEXICO
ALLIANCE AND BLACK CITIZENS FOR JUSTICE, LAW AND
ORDER), IN OPPOSITION TO THE APPLICATIONS OF
NATIONSBANK TO ACQUIRE BANKAMERICA & ITS SUBSIDIARIES

FEDERAL RESERVE BANK OF SAN FRANCISCO

JULY 10, 1998

On behalf of Inner City Press/Community on the Move, the New Mexico Alliance ("NMA"), and Black Citizens for Justice, Law and Order ("BCJLO") (collectively hereinbelow, "ICP"), this addendum analyzes the 1996 lending of NationsBank Corp.'s banks, NationsBanc Mortgage Co. ("NMC") and EquiCredit, a higher than normal interest rate lender owned by NationsBank. As demonstrated below, NationsBank's normal interest rate lenders disproportionately deny and exclude African Americans and Hispanics (protected classes under the Fair Housing Act and the Equal Credit Opportunity Act), while EquiCredit targets people of color for higher than normal interest rate credit. This makes out a prima facie case of pricing discrimination within NationsBank Corp., and militates for an on-site examination of

EquiCredit and NationsCredit, and for the denial of NationsBank Corp.'s acquisition applications.

First, examples of NationsBank's banks, in 1996 (the most recent year for which HMDA data is publicly available):

NationsBank of Texas, N.A., in 1996 denied 47% of mortgage loan applications from African Americans, and only 20% of applications from whites, for a denial rate disparity of 2.35-to-1, significantly higher than that of the industry as a whole. As demonstrated below, NationsBank's higher than industry average denial rate disparities for minorities cannot be explained or justified by greater than average outreach to minority communities.

NationsBank of Kentucky, N.A., in 1996 denied 42% of applications from African Americans, and only 16% of applications from whites, a denial rate disparity of 2.63-to-1, much higher than other banks.

In the Memphis MSA in 1996, NationsBank of Tennessee, N.A., denied 49% of applications from African Americans, versus only 19% of applications from whites, for a denial rate disparity of 2.58-to-1, higher than the industry average in this MSA. Meanwhile, NationsBank of Tennessee had a higher market share of loans to whites than to African Americans in this MSA, rebutting any claim that NationsBank's bank's denial rate disparities are excused by greater than average outreach to minorities. NationsBanc Mortgage Corp. in this MSA is no better: while also having a higher market share of loans to whites than to African Americans, it has a denial rate disparity between African Americans and whites of 2.25-to-1.

Nationwide, NationsBanc Mortgage Corp. ("NMC;" by far the largest of NationsBank Corp.'s HMDA-reporting mortgage lenders) in 1996 had a higher than 2-to-1 denial rate disparity between African Americans and whites. As demonstrated below (in connection / comparison's to NationsBank's EquiCredit's 1996 lending in the same MSAs), NMC's record in particular markets is much worse. For example, in the Dallas, Texas MSA (headquarters of protestant Black Citizens for Justice, Law and Order) in 1996, NationsBanc Mortgage denied 36% of applications from African Americans, and only 10% of applications from whites, a denial rate disparity of 3.6-to-1, much higher than the industry's average in this MSA of 1.89-to-1. Meanwhile in this MSA, NationsBanc Mortgage had a higher market share of loans to whites than to African Americans - NMC's outrageous

denial rate disparity is NOT explained by greater than average (or even average) outreach to African Americans.

In the San Antonio, TX MSA in 1996, NationsBanc Mortgage denied 50% of applications from African Americans and only 9% of applications from whites, for a denial rate disparity of 5.56-to-1, much higher than the industry average in this MSA of 1.57-to-1. Meanwhile in this MSA, NMC had a 3.5 times higher market share of loans to whites than to African Americans. In this MSA in 1996, NMC denied Hispanics 2.11 times more frequently than whites (compared to an industry average in this MSA of 1.70-to-1), while having a 1.5 times higher market share of loans to whites than to Hispanics. Again, NMC's outrageous denial rate disparity is NOT explained by greater than average (or even average) outreach to African Americans.

In the Austin, TX MSA in 1996, NMC denied 21% of applications from Hispanics, versus only 8% of applications from whites, for a denial rate disparity of 2.63-to-1, while making 356 loans to whites and only 35 to Hispanics (and only 20 to African Americans), entirely inconsistent with the demographics of (and other lenders' lending in) this MSA.

In the El Paso-Dona Ana County (TX-NM) MSA in 1996, NationsBanc Mortgage denied 24% of applications from Hispanics, while denying only 10% of applications from whites, for a denial rate disparity of 2.4, higher than the industry average in this MSA (less than 2-to-1). These disparities are not explained by greater than average outreach to minorities: in this MSA, NMC had a higher market share of loans to whites than to Hispanics, as did NationsBank of Texas, N.A..

In the Washington, D.C. MSA in 1996, NationsBank, N.A. denied 42% of applications from African Americans, and only 19% of applications from whites, for a denial rate disparity of 2.21, higher than the industry average in this MSA (less than 2-to-1). NationsBanc Mortgage was even worse in this MSA: it denied African Americans 4.2 times more frequently than whites, while having a 3.25% market share of loans to whites, and only a 1.66% market share of loans to African Americans. The denial rate disparities are not explained by any greater than average (or even average) outreach to people of color.

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NationsCredit, despite being a major mortgage and home equity lender, refuses to report HMDA data. While in some

markets ICP and its affiliates are reviewing NationsCredit's lending by recorded mortgages, and while some legal newspapers report *lis pendens* (see, e.g., New York Law Journal of May 28, 1997, reporting NYC *lis pendens* of / for NationsCredit Home Equity Services Corp.), it is difficult without HMDA data to conduct the type of analysis set forth *infra* as to EquiCredit. ICP maintains that NationsCredit is violating HMDA. Most recently, ICP has been informed, by a HUD representative, that the FRB is responsible for the HMDA-reporting (and HMDA compliance) all of BHC subsidiaries, and has been directed to FRB HMDA compliance staff. More forthcoming (on NationsCredit/fair lending)- but consider the following comparison of NationsBanc Mortgage Corp.'s normal interest rate lending versus NationsBank's EquiCredit's high interest rate lending, in the same MSAs and states, making out a *prima facie* case (or raising a red flag) of pricing discrimination and disparate treatment within the current NationsBank Corporation:

In the Albuquerque, NM in 1996, NationsBanc Mortgage denied 42% of mortgage applications from Hispanics, and only 14% of applications from whites (a denial rate disparity of 3-to-1). NMC originated 24 loans to whites, and only 7 to Hispanics. This Comment will call loans to the protected class (Hispanics or African Americans) divided by loans to whites the "Index." NMC's Index in this MSA in 1996 was 0.292. Meanwhile in this MSA, the higher interest rate EquiCredit originated 43 loans to Hispanics, and 50 loans to whites -- Index of 0.860, 2.95 times higher than NMC's. NMC disproportionately denies people of color; NationsBank's EquiCredit disproportionately targets people of color for higher interest rate credit.

In the Atlanta GA MSA in 1996, NationsBanc Mortgage denied 17% of mortgage applications from African Americans, and only 7% of applications from whites (a denial rate disparity of 2.43). NMC originated 2,211 loans to whites, and 541 to African Americans. NMC's Index (see *supra*) in this MSA in 1996 was 0.245. Meanwhile in this MSA, the higher interest rate EquiCredit originated 80 loans to African Americans, and 71 loans to whites -- Index of 1.127, 4.6 times higher than NMC's.

In the Augusta GA MSA in 1996, NationsBanc Mortgage denied 19% of mortgage applications from African Americans, and

¹ The ratio between NMC's Index and NationsBank's EquiCredit's Index, calculated for each market analyzed above, can be viewed as / called the "Disparity (or Targeting) Index".

only 8% of applications from whites (a denial rate disparity of 2.38). NMC originated 333 loans to whites, and only 78 to African Americans. NMC's Index in this MSA in 1996 was 0.234. Meanwhile in this MSA, the higher interest rate EquiCredit originated 19 loans to African Americans, and 14 loans to whites -- Index of 1.357, 5.8 times higher than NMC's.

In the Bakersfield CA MSA in 1996, (obviously relevant to this proposed merger), NationsBank Mortgage made 10 loans to whites, and only one to a Hispanic, Index of 0.100). Meanwhile, EquiCredit made four loans to Hispanics and eight to whites, Index of 0.500, five times higher than NMC's.

In the Baltimore, MD MSA (in NationsBank's CRA assessment area) in 1996, NationsBank Mortgage denied 17% of mortgage applications from African Americans, and 11% of applications from whites (a denial rate disparity of 1.55 -- see infra). NMC originated 695 loans to whites, and only 112 to African Americans. NMC's Index in this MSA in 1996 was 0.161. Meanwhile in this MSA, the higher interest rate EquiCredit originated 174 loans to African Americans, and 171 loans to whites -- Index of 1.018, 6.3 times higher than NMC's. EquiCredit reported the same (1%) denial rate for African Americans and whites, contrary to NMC's denial rate disparity of 1.55-to-1.

In the Buffalo NY MSA in 1996, NationsBank originated 61 loans to whites, and only one loan to an African American. NMC's Index in this MSA in 1996 was 0.013. Meanwhile in this MSA, the higher interest rate EquiCredit originated 52 loans to African Americans, and 62 loans to whites -- Index of 0.836, 64.3 times higher than NMC's.

In the Charleston SC MSA (in NationsBank's CRA assessment area) in 1996, NationsBank Mortgage denied 33% of mortgage applications from African Americans, and only 7% of applications from whites (a denial rate disparity of 4.71). NMC originated 915 loans to whites, and only 63 to African Americans. NMC's Index in this MSA in 1996 was 0.069. Meanwhile in this MSA, the higher interest rate EquiCredit originated 10 loans to African Americans, and 15 loans to whites -- Index of 0.667, 9.67 times higher than NMC's.

In the Charlotte NC MSA (in NationsBank's CRA assessment area - NationsBank's headquarters MSA) in 1996, NationsBank Mortgage denied 16% of mortgage applications from African Americans, and only 7% of applications from whites (a denial rate disparity of 2.29). NMC originated 2,207 loans to whites, and only 298 to African Americans. NMC's Index in this MSA in 1996 was 0.135. Meanwhile in this MSA, the higher interest rate EquiCredit originated 53 loans to

African Americans, and 83 loans to whites -- Index of 0.639, 4.73 times higher than NMC's.

In the Charlottesville VA MSA (in NationsBank's CRA assessment area) in 1996, NationsBank Mortgage denied 22% of mortgage applications from African Americans, and only 9% of applications from whites (a denial rate disparity of 2.44). NMC originated 234 loans to whites, and only 27 to African Americans. NMC's Index in this MSA in 1996 was 0.115. Meanwhile in this MSA, the higher interest rate EquiCredit originated 4 loans to African Americans, and 8 loans to whites -- Index of 0.500, 4.35 times higher than NMC's.

In the Chicago IL MSA in 1996, NationsBank Mortgage denied 25% of mortgage applications from Hispanics, and 19% of applications from African Americans, and only 8% of applications from whites. NMC's denial rate disparity for Hispanics was 3.13; for African Americans it was 2.38. NMC originated 1,080 loans to whites, and only 37 to Hispanics and only 33 to African Americans. In this MSA in 1996, NMC's Index for Hispanics was 0.034, for African Americans it was 0.031. Meanwhile in this MSA, the higher interest rate EquiCredit originated 345 loans to African Americans, 32 to Hispanics, and 164 to whites -- Index for African Americans of 2.104, 67.9 times higher than NMC's.; Index for Hispanics of 0.195, 5.7 times higher than NMC's.

In the Cincinnati OH in 1996, NationsBank Mortgage originated 169 loans to whites, and only THREE to African Americans. NMC's Index in this MSA in 1996 was 0.018. Meanwhile in this MSA, the higher interest rate EquiCredit originated 8 loans to African Americans, and 54 loans to whites -- Index of 0.148, 8.22 times higher than NMC's.

In the Cleveland OH MSA in 1996, NationsBank Mortgage denied 20% of mortgage applications from African Americans, and only 7% of applications from whites (a denial rate disparity of 2.86). NMC originated 251 loans to whites, and only 12 to African Americans. NMC's Index in this MSA in 1996 was 0.048. Meanwhile in this MSA, the higher interest rate EquiCredit originated 191 loans to African Americans, and 154 loans to whites -- Index of 1.240, 25.8 times higher than NMC's.

In the Dallas TX MSA (in NationsBank's CRA assessment area) in 1996, as partially analyzed *supra*, NationsBank Mortgage denied 36% of mortgage applications from African Americans, and only 10% of applications from whites (a denial rate disparity of 3.60). NMC originated 917 loans to whites, and only 77 to African Americans. NMC's Index in this MSA in 1996 was 0.084. Meanwhile in this MSA, the higher interest

rate EquiCredit originated 7 loans to African Americans, and 13 loans to whites -- Index of 0.538, 6.40 times higher than NMC's.

In the Danville VA MSA (in NationsBank's CRA assessment area) in 1996, NationsBank Mortgage denied 11% of mortgage applications from African Americans, and only 5% of applications from whites (a denial rate disparity of 2.20). NMC originated 50 loans to whites, and only 8 to African Americans. NMC's Index in this MSA in 1996 was 0.160. Meanwhile in this MSA, the higher interest rate EquiCredit originated 6 loans to African Americans, and 5 loans to whites -- Index of 1.200, 7.5 times higher than NMC's.

In the Dayton OH in 1996, NationsBank Mortgage originated 111 loans to whites, and only THREE to African Americans. NMC's Index in this MSA in 1996 was 0.027. Meanwhile in this MSA, the higher interest rate EquiCredit originated 82 loans to African Americans, and 151 loans to whites -- Index of 0.543, 20.11 times higher than NMC's.

In the Detroit, MI MSA in 1996, NationsBank Mortgage denied 32% of mortgage applications from African Americans, and only 8% of applications from whites (a denial rate disparity of 4-to-1). NMC originated 350 loans to whites, and only 12 to African Americans. NMC's Index in this MSA in 1996 was 0.034. Meanwhile in this MSA, the higher interest rate EquiCredit originated 156 loans to African Americans, and 296 loans to whites -- Index of 0.527, 15.5 times higher than NMC's.

In the Fort Worth TX MSA (in NationsBank's CRA assessment area) in 1996, NationsBank Mortgage originated 423 loans to whites, and only 17 to African Americans. NMC's Index in this MSA in 1996 was 0.040. Meanwhile in this MSA, the higher interest rate EquiCredit originated 4 loans to African Americans, and 4 loans to whites -- Index of 1.000, 25 times higher than NMC's.

In the Greensboro NC MSA (in NationsBank's CRA assessment area) in 1996, NationsBank Mortgage denied 21% of mortgage applications from African Americans, and only 7% of applications from whites (a denial rate disparity of 3-to-1). NMC originated 703 loans to whites, and only 122 to African Americans. NMC's Index in this MSA in 1996 was 0.174. Meanwhile in this MSA, the higher interest rate EquiCredit originated 105 loans to African Americans, and 191 loans to whites -- Index of 0.550, 3.16 times higher than NMC's.

In the Greenville SC MSA (in NationsBank's CRA assessment area) in 1996, NationsBank Mortgage denied 27% of mortgage

applications from African Americans, and only 7% of applications from whites (a denial rate disparity of 3.86). NMC originated 936 loans to whites, and only 67 to African Americans. NMC's Index in this MSA in 1996 was 0.072. Meanwhile in this MSA, the higher interest rate EquiCredit originated 33 loans to African Americans, and 104 loans to whites -- Index of 0.317, 4.4 times higher than NMC's.

In the Hartford CT in 1996, NationsBanc Mortgage originated eight loans to whites, and none to African Americans. Meanwhile in this MSA, the higher interest rate EquiCredit originated 41 loans to African Americans, and 44 loans to whites.

In the Houston TX MSA in 1996, NationsBanc Mortgage denied 17% of mortgage applications from African Americans, and only 8% of applications from whites. NMC's denial rate disparity for African Americans was 2.13. NMC originated 603 loans to whites, and only 96 to African Americans. In this MSA in 1996, NMC's Index was 0.160. Meanwhile in this MSA, the higher interest rate EquiCredit originated 9 loans to African Americans, and 15 to whites -- Index for African Americans of 0.600, 3.75 times higher than NMC's.

In the Jackson MS in 1996, NationsBanc Mortgage originated 39 loans to whites, and none to African Americans. Meanwhile in this MSA, the higher interest rate EquiCredit originated 52 loans to African Americans, and 34 loans to whites.

In the Jacksonville FL MSA (in NationsBank's CRA assessment area) in 1996, NationsBanc Mortgage denied 36% of mortgage applications from African Americans, and only 9% of applications from whites (a denial rate disparity of 4-to-1). NMC originated 208 loans to whites, and only five to African Americans. NMC's Index in this MSA in 1996 was 0.024. Meanwhile in this MSA, the higher interest rate EquiCredit originated 16 loans to African Americans, and 29 loans to whites -- Index of 0.552, 23.0 times higher than NMC's.

In the Kansas City MO MSA (in NationsBank's CRA assessment area) in 1996, NationsBanc Mortgage denied 20% of mortgage applications from African Americans, and only 6% of applications from whites (a denial rate disparity of 3.33-to-1). NMC originated 388 loans to whites, and only four to African Americans. NMC's Index in this MSA in 1996 was 0.010. Meanwhile in this MSA, the higher interest rate EquiCredit originated 25 loans to African Americans, and 60 loans to whites -- Index of 0.417, 41.7 times higher than NMC's.

In the Los Angeles CA MSA in 1996, NationsBanc Mortgage originated 1,251 loans to whites, and only 126 to Hispanics and only 24 to African Americans. In this MSA in 1996, NMC's Index for Hispanics was 0.101, for African Americans it was 0.019. Meanwhile in this MSA, the higher interest rate EquiCredit originated 26 loans to African Americans, 39 to Hispanics, and 24 to whites -- Index for African Americans of 1.083, **57.0 times higher than NMC's**; Index for Hispanics of 1.625, **16.1 times higher than NMC's**.

In the Memphis TN MSA (in NationsBank's CRA assessment area) in 1996, NationsBanc Mortgage denied 18% of mortgage applications from African Americans, and only 8% of applications from whites (a denial rate disparity of 2.25-to-1). NMC originated 176 loans to whites, and only 65 to African Americans. NMC's Index in this MSA in 1996 was 0.369. Meanwhile in this MSA, the higher interest rate EquiCredit originated 248 loans to African Americans, and 52 loans to whites -- Index of 4.769, **12.9 times higher than NMC's**.

In the Nashville TN MSA (in NationsBank's CRA assessment area) in 1996, NationsBanc Mortgage denied 20% of mortgage applications from African Americans, and only 6% of applications from whites (a denial rate disparity of 3.33-to-1). NMC originated 1,525 loans to whites, and only 72 to African Americans. NMC's Index in this MSA in 1996 was 0.047. Meanwhile in this MSA, the higher interest rate EquiCredit originated 101 loans to African Americans, and 182 loans to whites -- Index of 0.555, **11.8 times higher than NMC's**.

In the New York NY MSA in 1996, NationsBanc Mortgage originated 31 loans to whites, and only two to Hispanics and only 7 to African Americans. In this MSA in 1996, NMC's Index for Hispanics was 0.065, for African Americans it was 0.226. Meanwhile in this MSA, the higher interest rate EquiCredit originated 10 loans to African Americans, 3 to Hispanics, and 8 to whites -- Index for African Americans of 1.250, **5.5 times higher than NMC's**; Index for Hispanics of 0.375, **5.8 times higher than NMC's**.

In the Norfolk VA MSA (in NationsBank's CRA assessment area) in 1996, NationsBanc Mortgage denied 20% of mortgage applications from African Americans, and only 7% of applications from whites (a denial rate disparity of 2.86-to-1). NMC originated 988 loans to whites, and only 100 to African Americans. NMC's Index in this MSA in 1996 was 0.101. Meanwhile in this MSA, the higher interest rate EquiCredit originated 42 loans to African Americans, and 21

loans to whites -- Index of 2.000, **19.8 times higher than NMC's.**

In the Oakland CA MSA in 1996, NationsBanc Mortgage denied 33% of mortgage applications from African Americans, and only 15% of applications from whites (a denial rate disparity of 2.2-to-1). NMC originated 923 loans to whites, and only 30 to African Americans. NMC's Index in this MSA in 1996 was 0.033. Meanwhile in this MSA, the higher interest rate EquiCredit originated 27 loans to African Americans, and 28 loans to whites -- Index of 0.964, **29.2 times higher than NMC's.**

In the Philadelphia PA MSA in 1996, NationsBanc Mortgage originated 209 loans to whites, and only seven to African Americans. In this MSA in 1996, NMC's Index was 0.033. Meanwhile in this MSA, the higher interest rate EquiCredit originated 218 loans to African Americans, and 51 to whites -- Index for African Americans of 1.083, **129.5 times higher than NMC's.**

In the Phoenix AZ MSA in 1996, NationsBanc Mortgage originated 446 loans to whites, and only nine to Hispanics and only two to African Americans. In this MSA in 1996, NMC's Index for Hispanics was 0.020, for African Americans it was 0.004. Meanwhile in this MSA, the higher interest rate EquiCredit originated 14 loans to African Americans, 41 to Hispanics, and 198 to whites -- Index for African Americans of 0.070, 17.5 times higher than NMC's; Index for Hispanics of 0.207, 10.3 times higher than NMC's.

In the Raleigh-Durham NC MSA (in NationsBank's CRA assessment area) in 1996, NationsBanc Mortgage denied 20% of mortgage applications from African Americans, and only 5% of applications from whites (a denial rate disparity of 4-to-1). NMC originated 944 loans to whites, and only 131 to African Americans. NMC's Index in this MSA in 1996 was 0.139. Meanwhile in this MSA, the higher interest rate EquiCredit originated 28 loans to African Americans, and 21 loans to whites -- Index of 1.333, **7.2 times higher than NMC's.**

In the Richmond VA MSA (in NationsBank's CRA assessment area) in 1996, NationsBanc Mortgage denied 23% of mortgage applications from African Americans, and only 7% of applications from whites (a denial rate disparity of 3.29-to-1). NMC originated 1,010 loans to whites, and only 198 to African Americans. NMC's Index in this MSA in 1996 was 0.196. Meanwhile in this MSA, the higher interest rate EquiCredit originated 91 loans to African Americans, and 46

loans to whites -- Index of 1.978, 10.1 times higher than NMC's.

In the Riverside CA MSA in 1996, NationsBanc Mortgage originated 119 loans to whites, and only 17 to Hispanics and only seven to African Americans. In this MSA in 1996, NMC's Index for Hispanics was 0.143, for African Americans it was 0.059. Meanwhile in this MSA, the higher interest rate EquiCredit originated 14 loans to African Americans, 19 to Hispanics, and 44 to whites -- Index for African Americans of 0.318, 5.4 times higher than NMC's; Index for Hispanics of 0.432, 3.0 times higher than NMC's..

In the Roanoke VA MSA (in NationsBank's CRA assessment area) in 1996, NationsBanc Mortgage denied 12% of mortgage applications from African Americans, and only 5% of applications from whites (a denial rate disparity of 2.4-to-1). NMC originated 275 loans to whites, and only 13 to African Americans. NMC's Index in this MSA in 1996 was 0.047. Meanwhile in this MSA, the higher interest rate EquiCredit originated 3 loans to African Americans, and 9 loans to whites -- Index of 0.333, 7.1 times higher than NMC's.

In the Sacramento CA MSA in 1996, NationsBanc Mortgage originated 634 loans to whites, and only 24 to Hispanics and only 12 to African Americans. In this MSA in 1996, NMC's Index for Hispanics was 0.037, for African Americans it was 0.019. Meanwhile in this MSA, the higher interest rate EquiCredit originated 3 loans to African Americans, 4 to Hispanics, and 31 to whites -- Index for African Americans of 0.097, 5.1 times higher than NMC's; Index for Hispanics of 0.129, 3.5 times higher than NMC's.

In the St. Louis MO MSA (in NationsBank's CRA assessment area) in 1996, NationsBanc Mortgage originated 363 loans to whites, and only eight to African Americans. NMC's Index in this MSA in 1996 was 0.022. Meanwhile in this MSA, the higher interest rate EquiCredit originated 191 loans to African Americans, and 288 loans to whites -- Index of 0.663, 30.1 times higher than NMC's.

In the San Diego CA MSA in 1996, NationsBanc Mortgage originated 522 loans to whites, and only 12 to Hispanics and only six to African Americans. In this MSA in 1996, NMC's Index for Hispanics was 0.023, for African Americans it was 0.011. Meanwhile in this MSA, the higher interest rate EquiCredit originated three loans to African Americans, seven to Hispanics, and 14 to whites -- Index for African Americans of 0.214, 90.9 times higher than NMC's; Index for Hispanics of 0.500, 22.7 times higher than NMC's.

In the Santa Fe NM in 1996, NationsBanc Mortgage originated 16 loans to whites, and only one to a Hispanic household. NMC's Index in this MSA in 1996 was 0.063. Meanwhile in this MSA, the higher interest rate EquiCredit originated 5 loans to Hispanics, and 5 loans to whites -- Index of 1.000, 15.9 times higher than NMC's.

In the Tucson AZ MSA in 1996, NationsBanc Mortgage originated 75 loans to whites, and only two to Hispanics and only one to an African American. In this MSA in 1996, NMC's Index for Hispanics was 0.027, for African Americans it was 0.013. Meanwhile in this MSA, the higher interest rate EquiCredit originated six loans to African Americans, 20 to Hispanics, and 32 to whites -- Index for African Americans of 0.188, 14.5 times higher than NMC's; Index for Hispanics of 0.625, 23.1 times higher than NMC's.

In the Tulsa OK MSA (in NationsBank's CRA assessment area) in 1996, NationsBanc Mortgage originated 124 loans to whites, and only one to an African American. NMC's Index in this MSA in 1996 was 0.008. Meanwhile in this MSA, the higher interest rate EquiCredit originated 21 loans to African Americans, and 44 loans to whites -- Index of 0.477, 59.6 times higher than NMC's.

In the Washington DC MSA (in NationsBank's CRA assessment area) in 1996, partially analyzed above, NationsBanc Mortgage denied 21% of mortgage applications from African Americans, and only 5% of applications from whites (a denial rate disparity of 4.2-to-1). NMC originated 2,851 loans to whites, and only 442 to African Americans. NMC's Index in this MSA in 1996 was 0.155. Meanwhile in this MSA, the higher interest rate EquiCredit originated 100 loans to African Americans, and 48 loans to whites -- Index of 2.083, 13.4 times higher than NMC's.

In the Wilmington DE MSA in 1996, NationsBanc Mortgage originated 36 loans to whites, and only two to African Americans. NMC's Index in this MSA in 1996 was 0.056. Meanwhile in this MSA, the higher interest rate EquiCredit originated 54 loans to African Americans, and 77 loans to whites -- Index of 0.701, 12.5 times higher than NMC's.

In the Wilmington NC MSA (in NationsBank's CRA assessment area) in 1996, NationsBanc Mortgage originated 202 loans to whites, and only nine to African Americans. NMC's Index (see *supra*) in this MSA in 1996 was 0.045. Meanwhile in this MSA, the higher interest rate EquiCredit originated 4 loans to African Americans, and 15 loans to whites -- Index of 0.267, 5.9 times higher than NMC's.

The above analysis makes out a *prima facie* case (and/or red flag) that NationsBank Corp., through its normal interest rate lenders including NationsBanc Mortgage and through its higher interest rate lenders, including EquiCredit (and NationsCredit) are engaged in lending discrimination, including pricing discrimination. On this record, the FRB must conduct on-site fair lending examinations of EquiCredit, NationsCredit and NMC. On the current record, this mega-merger proposal, which would expand NationsBank Corp.'s practices, must be denied.

ICP can be reached at (718) 716-3540.

July 10, 1998

My name is Regina Blosser. I am board secretary for the Oceanview Merced Heights - Neighbors in Action. We are a public safety and neighborhood improvement organization in the Oceanview area of San Francisco.

The Federal Reserve sent me a copy of the "Bank of America closure policy adopted by the Social Policy Committee of Bof A on September 14, 1993. I wish to read it to you, item by item, and then tell you how we perceive that BofA does not follow its own closure policy.

1. BankAmerica is obviously not committed to serving our community because it closed our only bank in the Ocean View district in March of 1997.
2. BofA did not strive to do anything to minimize the negative impact in our community. In fact, phone calls we make to the Community Development Department have not been returned most of the time.
3. If there was a review and concurrence of the Corporate Community Development department, we were never shown any documentation of this review. We want to see this review.
4. Again, we wish to see the review of the closure recommendations. We would like to see if this review includes the prediction of the negative impacts our merchants have experienced, such as loss of deposit and change making services and the time that neighbors must use in their day to go to a bank now.
5. If there was an action plan to mitigate the adverse impacts on our community, we have not seen any representative or action from BankAmerica since our branch closure in March of 1997.
6. BankAmerica chose the Geneva-Mission branch to be the receiving branch. This branch is more than a mile away from our closed branch. Anyone dependent on public transportation must transfer to another bus to get there. A large freeway creates a barrier to access to this branch from our neighborhood.
7. Our community, the Oceanview district of San Francisco has a racially diverse and working class population. In the 1950's it became majority African American. Income levels on average are low by San Francisco standards because we have many retired and affordable housing residents.
8. We have no other banks in the Ocean View district. The BankAmerica Corporate Community Development department could and can easily see that.
9. We tried to help the branch stay open. We promised the district manager that we would find 900 new customers for the branch if it would only stay to give us a chance. We stated in many letters from our churches and organizations that the branch was important to us and our merchants. We gathered petitions and protested publicly. Again, BankAmerica's evaluation was already made and the bank evaluation was not going to be changed by our efforts.
10. The only level of service offered to us was to direct us to a branch a mile away.

11. We suggested security service at the ATM's and we requested a shuttle for disabled and seniors to the receiving branch. These ideas were disregarded by bank executives.

I am submitting a map with my testimony that shows all branches located in San Francisco. The green circles indicate a $\frac{1}{2}$ mile distance from all branches. Blank areas are usually industrial, park land or residential with ~~no~~ commercial zone. You can see that many BankAmerica branches in our neighborhood commercial districts are less than one mile from each other. The red area is our neighborhood. The yellow lines show where banks are so numerous that the street has 3 or more banks per block. Neighbors by the yellow lines complain that they would like to have something besides banks on their commercial strips. You will be able to see that our neighborhood, when compared to other parts of the city has less banking service than the rest of San Francisco.

Numerous nonprofits have come to you to state their satisfaction with these banks' financing of their programs. This is fine but the only thing our neighbors and merchants want is a bank! We feel no desire for charitable giving.

Supervisor Jose Medina passed a resolution unanimously at our Board of Supervisors that urged the Bank of America to stay or find another bank for our neighborhood. The BankAmerica did not comply with his resolution because we have no bank. When the Moyer's Office of Economic Development suggested that Sterling Bank could move into the vacated BankAmerica branch building, Bof A refused to remove its ATM's so Sterling would not move in to the building. We have tried to find a credit union would serve our neighbors but the American Bankers Association lawsuit against credit unions won at the Supreme Court level has presently stopped our efforts to use a credit union.

We want to take care of ourselves. We are trying to stop the decline of our neighborhood commercial district. We have asked our neighbors to make contacts with banks to invite them to open a branch on Ocean Avenue. So far no luck. Perhaps if BankAmerica had followed its own closure policy, our neighborhood would be much better off today.

BA, NT+SA

Bank of America Branch Closure Policy September 1993

- ① Bank of America is committed to providing access to banking services to all members of its community through both physical branches and teleservicing. Furthermore, the Bank will reasonably strive to minimize any negative impact on the community.
- ③ Review and concurrence by Corporate Community Development must be an integral part of California Retail Banking's branch closure decision process.
- ④ Once a branch has been identified for potential closure, a representative from Corporate Community Development will review closure recommendations to ensure that any potential negative impacts on the communities in its serving area are identified and included in subsequent considerations. An action plan to mitigate any adverse impacts on the community or its residents must be developed and integrated into the closure plan prior to the final closure decision being made, and approval given by Corporate Community Development's senior officer.
- ⑥ Community factors to be considered when a proposed branch closure is being evaluated must include; distance to the receiving branch, the economic and ethnic characteristics of the impacted communities, the presence (or lack there of) of other financial service companies in the closing branch's serving area, pending economic development activities, the effect on service levels provided the entire community, particularly low- and moderate-income segments of the community, and other relevant considerations. Because each branch is unique, each proposed closure is evaluated on the basis of its individual circumstances and performance.
- ⑩ Prior to closing offices, Bank of America assesses the potential impact on its ability to continue offering appropriate levels of service to the local community. This assessment includes taking into consideration information and ideas obtained from members of the community to minimize the impact of an office closing.

Adopted September 14, 1993 by Social Policy Committee

