

TO: Federal Reserve Bank Boston, MA

**FROM: Sam Hamilton, Executive Director
Hartford Economic Development Corporation
Greater Hartford Business Development
Center, Inc.**

DATE: July 7, 1999

SUBJECT: Fleet Bank/Bank Boston Proposed Merger

My name is Samuel C. Hamilton and I am the Executive Director of the Hartford Economic Development Corporation (HEDCo) and the Greater Hartford Business Development Center, Inc. (GHBDC). I rise to speak in favor of the proposed merger of Fleet Bank and Bank/Boston.

HEDCo and GHBDC are private not for profit Local Development Corporations which provide technical assistance and loans to small businesses in the Metro Hartford Area. Currently, we manage a little over 20 million dollars in funds which is utilized as an alternate source of capital for local economic development activities. Since 1975 we have packaged \$65,000,000 plus in loans to a portfolio that is 70% minority (35% African American, 33% Hispanic/Latino and 2% Asian American) Interestingly, 70% of the loans are to businesses in Hartford who in turn have hired residents of Hartford to fill their employment needs.

During the course of our 25 year existence, both Fleet Bank and Bank/Boston have been active supporters of small business development with respect to access to capital and the technical assistance to support, sustain and grow businesses. I have experienced first hand the continuation of their strong commitment during and after previous mergers and acquisitions. In my opinion, I believe the same will be true in this proposed merger.

I have found both Fleet and Bank Boston to be especially sensitive to the needs of the community. The creation of Fleet Community Development Corporation and First Community Bank are prime examples of each institutions initiative to provide means for greater access to the Bank's products and services. Fleet and Bank Boston have supported other entities in the Hartford Community who provide alternative means of access to capital, technical assistance and support with particular emphasis on increasing the number of women and minority owned businesses.

In closing, in my capacity as Chairman of the Board of Directors of the United Way of the Capital Area, Past Chairman of the Hartford Neighborhood Housing Support Collaborative and a member of the Local Initiatives Support Corporation Local Advisory Committee, I am also able to confirm Fleet and Bank Boston's involvement and support of innumerable programs and activities that empower people, provides comprehensive youth development, enhances educational opportunity and performance, strengthens families and creates a strong healthy community for all. They do this not only with their financial resources, but also with the personal involvement of people from all levels of

the organization in every aspect of our Community. Again, I support the proposed merger and truly believe the new entity will provide more rather than fewer opportunities.

SCH/fp

TESTIMONY FOR
FLEET/BANKBOSTON MERGER
Henry M. Thomas III, PRES./CEO
URBAN LEAGUE OF SPRINGFIELD, MA
Wednesday, July 07, 1999

On behalf of the Urban League of Springfield, we are in support of the merger between BankBoston and Fleet Bank. There are a couple of reasons why we support this merger that I would like to share with the panel. Our position is based on our direct experience and our working knowledge of the communities in which we serve- Western Mass and we own and operate a residential summer youth camp in Central Ma., Camp Atwater.

First, it is a significant advantage to this entire region to have a merger of two large banks that are both domiciled in this region. Continuity of relationships will stay in tact and institutional memory of community needs will not suffer.

Secondly, the Urban League has enjoyed a long working relationship with both banks and it has been an excellent experience in both cases. Further, we have witness their work in the Western Mass community and there CRA records are commendable.

More specifically, over the last 5years the Urban League has had an opportunity to work with Fleet Bank on local and regional issues. While serving as vice president of Natl. Urban League on special assignment for two years, I had privy to the extraordinary work of Fleet Bank in the area of community development. Through Agnes Bundy Scanlan's leadership and foresight Fleet Bank funded Urban Leagues throughout it's footprint to levels over one and half million dollars. This funding was for the purpose of building capacity to deliver economic and workforce development services throughout the northeast region. In addition, Ms. Scanlan has forge a partnership with the National Urban League to produce conferences aimed at improving Fleet Bank's understanding of multi-dimensional needs in the market place and to effectively communicate it's CRA strategies.

In Springfield alone the Urban League has experienced and observed Ms Scanlan and Mr. Neal McBride exhibit remarkable leadership in not only providing much needed funding support to community base organizations, but more significantly Fleet Bank has served as a catalyst in mobilizing business community support for critical economic and social initiatives that make a difference in quality of live all residents. Fleet has a demonstrative

understanding and is sensitive to regional community issues; which is one of the strongest assets they bring to this merger, in our view.

The only caveat the Urban League would like to offer, is that, whatever economic business benefit accruing to these two institutions (that, in our opinion have earned the right to become one) should be shared with consumers to some extent.

Additional capacity in equity programs, mortgage loan products and philanthropic giving should all be reasonable expectations resulting from this merger.

**LET US NOT FORGET AN IMPORTANT
COMMON SENSE POINT:
IT IS NOT THE FEDERAL RESERVE AND
THE APPLICANTS ALONE THAT MAKES
THIS MERGER POSSIBLE;**

ITS IS THE CONSUMER!

**NO CUSTOMERS --NO CAPACITY TO
MERGE. THUS, THE CONSUMER SHOULD
BE IN A BETTER PLACE THAN THEY WERE
BEFORE THE MERGER!**

THANK YOU FOR YOUR ATTENTION.



MONEY & TECHNICAL ASSISTANCE FOR SMALL BUSINESS

July 7, 1999

STATEMENT OF LONG ISLAND DEVELOPMENT CORPORATION
SOL SOSKIN, DIRECTOR PROCUREMENT TECHNICAL ASSISTANCE PROGRAM

Re: Proposed Merger Fleet Financial Corp. with Bank of Boston

Gentlemen:

Thank you for the opportunity to testify before you today on behalf of Fleet Financial Corporation. Long Island Development Corporation supports the proposed merger. I am Sol Soskin, the Director of the Procurement Technical Assistance Program of the Long Island Development Corporation (LIDC), a not-for-profit 501C3 membership organization in Long Island, New York. LIDC is a regional economic development organization whose mission is to assist small businesses in Nassau and Suffolk Counties with loans and technical assistance. In business since 1980, LIDC is a certified development company under the US Small Business Administration 504 Loan Program as well as a branch bank of the New York Job Development Authority, administrator of several US Department of Commerce/Economic Development Administration Revolving Loan Funds, underwriter of a Department of Housing and Urban Development Section 108 Small Business Revolving Loan Fund, partner in a national US Small Business Administration Small Business Investment Company, and manager of a newly formed micro loan fund with Community Development Financial Institution status pending at US Treasury. In addition to its loan programs, Long Island Development Corporation is the designated Department of Defense Procurement Technical Assistance Center for Long Island.

Fleet has been a long time supporter of the various programs of Long Island Development Corporation and has partnered with LIDC to help small business, including small disadvantaged businesses, minority owned and women owned businesses on Long Island. Representatives of Fleet serve on LIDC's board of directors, advisory board and committees. Currently, our President is John Garvey, Sr. Vice President of Fleet Bank. These Fleet representatives devote a considerable amount of time to helping guide LIDC's activities. In addition to personnel time, Fleet provides meeting places for LIDC activities, assists LIDC with marketing its programs through Fleet's internal publications, by hosting events highlighting LIDC programs, and through paid advertising sponsored by Fleet. Fleet Bank has been the leading first mortgage lender on Long Island under the SBA 504 loan program for the past 5 years. With Fleet's assistance, LIDC has been able to make over 1,000 small business loans totaling approximately \$350 million to Long Island companies.

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Fleet Bank is a financial supporter of the Procurement Technical Assistance Program (PTAP). The Procurement Technical Assistance Program provides free counseling to very small businesses, chiefly small disadvantaged businesses, to help them obtain and perform on government and private sector contracts. PTAP is supported by grants from the DOD matched by the private sector. Fleet Bank has been providing matching funds for PTAP since 1996. In addition, Fleet actively refers small businesses for PTAP assistance. Fleet also seeks out vendors from our PTAP clients. Representatives of Fleet serve on the PTAP governing committee and help set policy and access resources for PTAP clients. Thanks to Fleet's participation, the Long Island Procurement Technical Assistance Program has successfully helped over 2,000 Long Island small businesses obtain approximately \$275 million in government and other contracts.

In connection with the Procurement Program, LIDC and Fleet co-venture in an initiative of Black Women Enterprises, a New York statewide coalition of Black women owned small businesses whereby BWE has partnered with the National Women Business Owners Corporation to help these companies be certified as women owned businesses and obtain and perform on corporate contracts with Fortune 500 companies. Fleet is a financial sponsor of BWE's efforts, provides BWE with computer and e-commerce capabilities and Fleet works together with LIDC to run the certification program.

Fleet has been an active advocate for small business on Long Island for many years. Fleet's activities with Long Island Development Corporation have been instrumental in helping LIDC to become one of the leading SBA 504 Certified Development Companies in the nation as well as helping LIDC to become one of the most active DOD Procurement Technical Assistance Programs in the nation.

The proposed merger will bring additional resources to the table which will benefit our small business customers. The sheer size of The Bank of Boston will magnify the financial abilities of Fleet Financial Corporation which will make more products and services available to our Long Island small business market.

Thank you again for this opportunity to support Fleet Financial Corporation in its proposal to merge with the Bank of Boston.

**Testimony of Peter A. Gagliardi
Executive Director, HAP, Inc.
322 Main St., Springfield, MA**

**Wednesday, July 7, 1999
Federal Reserve Bank Public Meeting
on the Fleet/Bank Boston Merger**

Thank you for the opportunity to offer public comment on the Fleet/Bank Boston merger at this public meeting.

My name is Peter A. Gagliardi. I have served for the past 8 years as the Executive Director of HAP, Inc., the Hampden Hampshire Housing Partnership. Our organization works to provide affordable housing and to promote revitalization of neighborhoods by providing a comprehensive array of housing services, promoting the creation and preservation of affordable housing, and forging partnerships with public officials, community groups, and private institutions. Founded in 1973, HAP, Inc. is a major provider of housing services in the 43 cities and towns of Hampden and Hampshire Counties, an area with a population in excess of 600,000 people.

As a partnership, we have looked to the major lenders which serve our region to participate in our efforts to carry out our mission. Both Fleet Bank and BankBoston have been among our key private sector partners.

From the perspective of our region, I must express renewed anxiety over the loss of yet another major lending institution. Fleet Bank will become the successor to six or more institutions that played a long and important role in the life of our communities. Yet, I think that we all recognize the inevitability of bank mergers -- and we understand full well that the process will not end with this merger. In that vein, I express a sense of relief that these two institutions have had the foresight to take this step which, we hope, will maintain a major lender with headquarters in New England.

At the same time, I must also express a note of caution or concern. In another year, or two, or five, we may well be in this place once again discussing a bank merger, this time with an entity headquartered hundreds or thousands of miles away. At that time, a written record of what we agreed to here may be our communities' best hope of maintaining a commitment to lending and other bank services essential to the economic revitalization of our cities and towns and to opportunities for families to lift themselves

from poverty. In that vein, I offer my testimony as a statement of the current levels of community reinvestment activities by these two institutions, hopeful that it will serve as a benchmark from which to measure the future success of our continued partnership.

Having worked in partnership with both banks, I am in a position to speak to some of the contributions which each has made to the effort to revitalize communities and to promote the creation and preservation of affordable housing, both rental and ownership. It has been our policy to recognize the good things which have been done as well as to comment when we feel that community reinvestment efforts have been lagging.

Let me first speak to the contributions which Fleet Bank has made to our initiatives:

-- Fleet Bank was instrumental in creating our **FIRST HOME** program, an initiative which has educated more than 3000 potential homebuyers and which has resulted in more than 500 first time homebuyers in our region. Fleet's initial three year commitment, which was a challenge to other lenders to join our partnership, made the difference. Fleet has continued its support of this initiative.

-- Fleet Bank provided the construction financing, some \$2.75 million, for our successful Quadrangle Court project in the heart of Springfield. The 33-unit project is the cornerstone in a neighborhood revitalization effort.

-- Recently, as HAP has expanded its efforts to rehabilitate one and two family homes for resale to first time homebuyers, Fleet has made a commitment through the Fleet CDC of \$500,000 in the form of a line of credit for that activity. This will make it possible for agency to increase the number of houses rehabilitated each year, enhancing our efforts to intervene in troubled neighborhoods at a level that will truly make a difference. In addition, Fleet has offered an additional \$250,000 operating line of credit to further facilitate expansion of our efforts.

-- Fleet has also provided HAP with volunteer efforts, particularly in the person of Neal McBride who has served as a board member, including several terms as President of the corporation. Another Fleet staff member, Paul Tierney, serves on our Real Estate Investment Committee. This level of involvement truly makes ours a partnership.

Throughout our partnership with Fleet Bank, we have enjoyed and appreciated the responsiveness of Fleet's Agnes Bundy Scanlan in particular. Her understanding of the needs of the community and her efforts to bring that agenda into the bank has resulted in a significant and positive change in Fleet's Community Reinvestment efforts.

BankBoston, and previously Bank of Boston and Bay Bank, has been another of HAP's stalwart partners. In particular, we cite the following participation by BankBoston:

-- Bank Boston, over the past several years, has become one of the principal supporters of HAP's **FIRST HOME** program. In addition to providing significant operating support, Bank Boston has become the region's major "Soft Second" loan program lender, originating a steadily increasing number of loans in each of the past three years.

-- To address the need for renovation at the time of purchase, Bank Boston pioneered the **FIRST HOME Plus** initiative with HAP, committing \$5 million in mortgage loans that can be used for both acquisition and renovation by first time homebuyers.

-- BankBoston has become a partner with the City of Springfield and the Lower Liberty Heights Action Team to spearhead the redevelopment a key neighborhood near the center of the city. The bank matched funds provided by the City through the neighborhood organization, allowing HAP, at the invitation of the City and the neighborhood, to develop a plan to purchase, rehabilitate, and re-sell a number of one and two family houses to first time homebuyers. This initiative, in conjunction with the work of Habitat for Humanity, will significantly restore this neighborhood, allowing the private market to once again function properly.

-- Bank Boston demonstrated great sensitivity to the need to preserve the affordable housing stock in working with HAP to restructure 1980's era debt on developments that were endangered due to funding cuts in the state's rental assistance program, now known as the Massachusetts Rental Voucher Program. As a result, 20 single room occupancy units in Springfield and 19 apartments in Holyoke, including 10 dedicated to a transitional housing program for pregnant and parenting teens, were preserved as affordable housing.

Both Fleet Bank and BankBoston have invested in affordable housing through the Massachusetts Housing Investment Corporation. MHIC's equity participation in several rental projects developed by HAP has been instrumental in revitalizing neighborhoods while providing affordable housing. In addition, MHIC has recently made a commitment to provide construction financing for a new construction project in Chicopee that will provide opportunities for first time homebuyers in that city.

The Massachusetts Housing Partnership Fund, another entity that has utilized resources from both Fleet Bank and Bank Boston, has provided permanent financing for several projects developed by HAP, including Quadrangle Court.

My comments about Bank Boston would not be complete without pointing out the contributions made by BankBoston's Community Bank, particularly in the area of lending to first time homebuyers. BankBoston's Benjamin Cartegen, Jr., a loan

originator headquartered in Holyoke, has been responsible for much of the Bank's substantial effort to assist first time homebuyers. He, along with Sue Seaver, has originated a substantial volume of Massachusetts Soft Second Loans. Recently, Ben was selected to represent BankBoston on HAP's Board of Directors as well.

While providing this generally favorable account of our experience with Fleet Bank and Bank Boston, I would be remiss if I did not raise several concerns:

-- It has been noted elsewhere that Fleet's level of LMI loan originations has dropped after past mergers. This appears to be the case in Western Massachusetts as well as overall. It would be a substantial loss to our region should that again be the case. This is a very serious concern.

-- Following the retirement of BankBoston Regional President Richard Stebbins, the bank moved the regional presidency to Hartford. Fleet Bank currently maintains a regional president in Springfield in the person of Richard Zilewicz. Should the merged bank not continue Fleet's commitment to maintain this position, it would represent a significant loss of leadership and reduce the level of the bank's participation in community affairs in Western Massachusetts.

-- In some of the public dialogue leading up to today's hearing, there has been much speculation about Fleet's divestiture of nearly \$14 billion in assets and the impact that might have on the merged bank's level of activity in everything from mortgage lending to corporate philanthropy. In Western Massachusetts, we are concerned that any reduction in activity in the state as a whole might also affect our region in spite of the fact that none of the bank's holdings in our region will be divested. In our case, there will be no new competitors buying Fleet assets who could be looked to for the purpose of filling any resulting gaps. We feel that the bank should be held to its promise, made at the time of the merger announcement; for Western Massachusetts, in particular, one plus one must equal two for there will be no one else to turn to.

There has been disagreement over whether or not there will be a written agreement whereby the merged bank pledges to undertake certain Community Reinvestment activities over some period of time. As I mentioned at the beginning of my remarks, it is our feeling that a written commitment, binding upon successor banks should there be another merger, would be the most effective safeguard for what I believe are shared community reinvestment goals. Regardless of the outcome, we ask that the regulators overseeing this merger continue to take steps to ensure that the new bank maintains the efforts of its predecessors to reinvest in the communities from which it accepts deposits and that the record of these proceedings be considered a record of the banks' commitments. For the bank, community reinvestment lending is good business; for the

community, it is essential. The level of productive community reinvestment activity that I have cited in my remarks should be seen as a starting point upon which to build.

Again, I would like to thank the Federal Reserve Bank for conducting this open public meeting. While bank mergers may be routine for the Fed, they are momentous occasions that are far from routine for the communities that find themselves further and further removed from banking leaders and decision makers.

GREATER **Jamaica** Development CORPORATION

Federal Reserve Bank of Boston

**Public Hearing
on
Fleet Bank Merger with Bank Boston
July 7, 1999**

**Statement
F. Carlisle Towery
President
Greater Jamaica Development Corporation
New York City**

Greater Jamaica Development Corporation (GJDC) is a private, not-for-profit local development organization whose mission is to encourage and facilitate the economic recovery and revitalization of downtown Jamaica, Queens, New York City, and its environs.

GJDC was formed in 1967 by business, civic and community leaders -- including commercial banks -- and has worked since that time in close partnership with all sectors to carry out the plan to transform Jamaica's older downtown into a modern center of business, commercial and industrial employment, higher education, the arts, transportation and housing improvements. This plan was prepared by Regional Plan Association -- the venerable organization which monitors the economy and growth of the 31 - county, tri-state New York Metropolitan region -- by City government, and local leaders to service some half-million residents who live in 21 neighborhoods around this downtown. Our mission is challenging and high in public purpose.

We appreciate this opportunity. We are, after all, end-users of financial products and our success is fundamentally affected by the efforts of financial institutions. Our community is the beneficiary when these products are shaped and tailored and prioritized to enable community development and to capacitate its practitioners.

Jamaica has benefitted indeed from Fleet Bank's efforts. My comments are to emphasize the involvement and support we have received from Fleet and its predecessors over the 32 years of our economic development and community reinvestment work in Jamaica. This community -- working to recover from a ten-year period, 1975 to 1985, of severe economic trauma, uncertainty and a general loss of public confidence -- has recovered and advanced significantly, with some progress attributable directly to Fleet's good works.

Fleet, and previously Nat West, has provided strong and on-going leadership for Greater Jamaica Development Corporation's work, serving consistently on our Board with able, active and involved senior representation. Two senior executives from Nat West served as our chairmen for a four-year period. Contributions to our Board's responsibilities and to staff's activities have included a high level of intelligence and interest in our general governance, sponsorship of retreats, meetings and special events -- including chairing our annual fund-raising gala -- advocacy with government, financial contributions at leadership levels toward our general operations, construction and permanent financing for several projects we initiated, and a flexible line-of-credit that has enabled us to undertake numerous small strategic developments.

Fleet has participated in the provision of local small business loans through our revolving loan fund, which is capitalized by the U.S. Economic Development Administration, NYS Empire State Development and the City of New York's Department of Business Services using federal Community Development Block Grant Funds. Fleet has provided operating support for two of our associated or affiliate organizations -- Jamaica Arts Center and Jamaica Business Resource Center.

Just last month, two senior Fleet executives hosted a working session to explore ways and means for York College to capitalize on the aviation/airport economy which could be enabled by the recently - approved light rail system from Jamaica to JFK Airport. York is another key project for Jamaica in which we were instrumental.

Working with Fleet's people is inevitably a pleasant and productive process for us. They are thoroughly professional, responsive and responsible, and eager to facilitate results -- to get things done. Their personal and corporate involvement in Jamaica have been material in the success of this community's revitalization. At conferences with my peers, I have learned of Fleet's impressive community development and reinvestment roles in numerous places. Clearly, Fleet Bank is a serious, committed and exceptionally good corporate citizen.

WESTERN MASSACHUSETTS ENTERPRISE FUND

308 Main Street, Suite 2-B • Greenfield, MA 01301 • (413) 774-4033 • Fax (413) 774-3673

**Testimony of Christopher Sikes
Executive Director, Western Massachusetts Enterprise Fund, Inc.
For the Federal Reserve Hearing on the Fleet/Bank Boston merger
July 7, 1999**

Thank you for the opportunity to offer public comment on the Fleet/Bank Boston merger at this public meeting. I am Christopher Sikes, the Executive Director of the Western Massachusetts Enterprise Fund, a Community Development Financial Institution (CDFI) serving that vast subcontinent of the four counties of western Massachusetts and Northern Worcester County. We form partnerships with twelve Community Development Corporations (CDCs) in the region. WMEF's Board of Directors includes members from both Fleet and BankBoston. In addition, I have a seat on the Fleet CDC Board of Directors.

We have established excellent relationships with all levels of the Fleet and BankBoston staff. When we need to reach someone or get a quick answer to a question, we know whom to reach from the office staff. When we need to talk to loan officers about potential loans to our customers, we know who to speak with. Just as importantly, they know us. When we need to speak with upper level administrators we have easy access to the people we need to reach. They have been responsive to us and we have been responsive to them.

Over the past five years Fleet made significant capital and operating grants to WMEF. In addition, it provided us with a \$500,000 line of credit which is the cornerstone of our small business lending program. BankBoston also supported us with capital and operating grants. These contributions came at a time when we were most vulnerable.

Of particular note has been the support of Neal McBride, our community development manager from Fleet. Over the years Neal has provided consistent support and wise counsel. Agnes Bundy Scanlan has also been a strong supporter of WMEF. Martin Geitz, the President of the Fleet CDC has been actively working with WMEF to provide it the financial backing to get federal funding from the CDFI fund through the U.S. Department of the Treasury. Michael Glavin from BankBoston has been a strong supporter of WMEF providing us with critical matching funding for our CDFI application.

While I speak in some jest of being located in this vast hinterland comprising about one-third of the geography of Massachusetts, it is no joke that the resources for economic development are far less than they are here in Boston. The disparity between the economies of eastern and western Massachusetts is only growing larger with the impact of private and public investment into technology.

MEMBER COMMUNITY DEVELOPMENT CORPORATIONS - FRANKLIN COUNTY • GREATER GARDNER
GREATER HOLYOKE • HILLTOWN • MILLERS RIVER SELF-HELP NETWORK • NORTH COUNTY • NUEVA ESPERANZA
PITTSFIELD ECONOMIC REVITALIZATION • QUABOAG VALLEY • TWIN CITIES • VALLEY • WESTFIELD

"Helping create a climate of economic opportunity in Western Massachusetts"

It is therefore with a very wary eye that we examine any bank mergers. We have lost many local banks in the region through mergers. In particular, we recently experienced an outside purchase of a regional bank that had the unfortunate effect of reducing the bank's presence in the community.

In the instance of the Fleet and BankBoston merger, we believe that having the largest bank in New England headquartered in Massachusetts is better for our region than having an out-of-state bank calling all the shots. This allows us to build upon our existing relationships in a mutually productive manner.

We have some concerns however. First, there are no scheduled divestitures in our region. That means that two banks will truly become one bank. Both banks have been very active small business lenders. We would expect small business lending to continue at least at the current rate of both banks together, especially in low income and rural communities. They should also maintain their collective rate of lending to businesses with less than \$1 million in revenue and their rate of making loans under \$100,000.

Second, WMEF is a partnership of CDCs, community based organizations. We have been dismayed that there have not been direct negotiations with the community groups discussing the impact of the merger. WMEF makes a commitment to making sure that our partners are well served by this merger for truly the success of our partners is our success.

Third, we are concerned that even though the institute remains headquartered in Massachusetts that the local lending decisions that have been in effect at Fleet will continue. Specifically, we would request that local lenders have the authority to make loans up to \$250,000.

Finally, we applaud the efforts made by Fleet CDC to make substantial investments to Community Development Financial Institutions. Our concern is that it will continue.

We are hopeful that this new institution will bring us more needed resources to the region.

Thank you for your time and consideration.

LONG ISLAND HOUSING PARTNERSHIP, INC.
AND AFFILIATES

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TESTIMONY OF JIM MORGÓ

BEFORE

FEDERAL RESERVE BANK OF BOSTON

FOR FLEET/BANK BOSTON MERGER HEARINGS

July 7, 1999

My name is Jim Morgo. I am President of the Long Island Housing Partnership. The mission of the Long Island Housing Partnership is to provide housing opportunities for those who, through the unaided operation of the marketplace, would be unable to afford decent and safe homes.

The Long Island Housing Partnership is a private-sector initiative that invests private and public funds and offers expertise to create housing, which in turn, spurs economic development and neighborhood revitalization.

The Housing Partnership is the nation's first not-for-profit, public/private housing development company based solely in the suburbs. It is a consortium of Long Island-based business, religious, civic, professional, and labor organizations. The Housing Partnership builds affordable homes for sale to low-and moderate-income Long Islanders; administers down payment assistance programs; rents affordable units to low-income Long Islanders; arranges financing for socially-worthy housing developments; offers technical assistance to

community housing groups; and provides free mortgage counseling to first-time buyers.

The Housing Partnership has enabled more than 2,500 low-and moderate-income families attain home ownership in high priced Long Island. The Housing Partnership's success is due, in great part, to the support of its private sector partners and one of the most involved partners is Fleet.

Fleet (formerly Norstar Bank) was one of the founding members of the Housing Partnership. As a founding member, Fleet committed \$10,000 per year for the first three years of our operation. Even after its three-year commitment expired, Fleet continued its support through the payment of annual dues and the authorization of additional grant funds.

Fleet co-sponsors educational seminars in mortgage counseling and financing for first-time homebuyers.

Fleet serves as host for LIHP's monthly Board of Directors meetings.

Fleet has provided construction financing for several of our affordable housing projects (both to LIHP directly and to its general contractors). In addition, Fleet Mortgage has provided end loans to many of our first-time homebuyers.

Fleet has acted as escrow agent for LIHP's New York State Housing Development Fund loan without any service charge. Further, Fleet has consistently waived its service fees for LIHP accounts.

In short, Fleet has been a dedicated Housing Partnership member. Fleet is a responsible financial institution that is committed to community service.



OPENING DOORS TO
HOME OWNERSHIP





OPENING DOORS TO
HOME OWNERSHIP



The Mission of the Long Island Housing Partnership

The mission of the Long Island Housing Partnership is to provide housing opportunities for those who, through the unaided operation of the marketplace, would be unable to afford decent and safe homes.

The Long Island Housing Partnership is a private-sector initiative that invests private and public funds and offers expertise to create housing, which in turn, spurs economic development and neighborhood revitalization.

The Housing Partnership is the nation's first not-for-profit, public/private housing development company based solely in the suburbs. It is a consortium of Long Island-based business, religious, civic, professional, and labor organizations. The Housing Partnership builds affordable homes for sale to low-and moderate-income Long Islanders; administers down payment assistance programs; rents affordable units to low-income Long Islanders; arranges financing for socially-worthy housing developments; offers technical assistance to community housing groups; administers Babylon Town's comprehensive Community Development Program; and provides free mortgage counseling to first-time buyers.

In all its efforts, the Housing Partnership is building a better future for Long Islanders.



Islip – South Wind Village

Change, even very positive change, seldom comes easily. South Wind Village, the Housing Partnership's/Town of Islip's 78 unit mix of new home ownership and rental housing, represents cutting-edge, positive change for Long Island. And it hasn't come easy.

Eradicating more than eight acres of blight, acquiring and then demolishing and disposing of more than 40 dilapidated properties, relocating more than 80 people to superior living conditions, building new homes for moderate-income homebuyers and rentals for low-income families and seniors, all in the middle of a once thriving, and soon to be revitalized downtown, is difficult, frustrating and costly. And to complicate matters further, South Wind Village challenges the conventional Long Island mindset of a subdivision.

South Wind Village will provide an intelligent, well-designed alternative to suburban sprawl and create a thriving community with a sense of place where people can walk to bakeries, barber shops and train stations. The once neglected stepchild of downtown development housing will soon turn out to be its golden child.

South Wind Village has had many productive partners, especially from the Town of Islip, under the leadership of Supervisor Pete McGowan, New York State, under Governor George Pataki, and the Federal Government's HUD, under Secretary Andrew Cuomo. New York State provided innovative use of its National Guard unit which helped dispose of demolished structures. All the public sector partners are supplying funds and needed cooperation.

The Bay Shore revitalization has the involvement of several Bay Shore community-minded groups: the Bay Shore Chamber of Commerce, the Bay Shore Citizens Liaison Committee, and the Bay Shore School District. But the project would never have materialized were it not for Islip Town continuing their professional and visionary work to create affordable housing and to lead Long Island in planning for positive change.

**Through the work of
many public/private
partners, blighted
Smith Avenue will
become vibrant
South Wind Village.**



This was a year of expansion and a year of milestones achieved for the Long Island Housing Partnership.

The Housing Partnership moved into brand new space, more than twice the size of its old offices, and opened its first office in Nassau County.

The enlarged space was necessary because the Housing Partnership joined its Babylon Community Development operation with its main operation in Hauppauge, and because its pre-purchase and foreclosure prevention counseling programs attract more and more Long Islanders to its headquarters.

In 1998 the Housing Partnership counseled its one thousandth pre-purchase family since the service began in 1994 and, in 1998 alone, the Housing Partnership educated 359 families for responsible home ownership. For the second consecutive year, the Long Island Housing Partnership was named the most productive not-for-profit mortgage counseling organization in the tri-state region.

The popularity of and the need for the Nassau County Down Payment Assistance Program required an office in that county.

From the Housing Partnership's founding, access to affordable home ownership in Nassau and Suffolk Counties has been at the center of its agenda. Home ownership remains an important goal for almost every Long Island family, but its benefits, we have learned, go well beyond the individual families. Home ownership encourages families to invest in their properties, to take pride in their neighborhoods, and to become active in their communities. Owner-occupied homes bring stability to neighborhoods, and new homes add to Long Island's prosperity.

Nowhere will this be more evident than in the Housing Partnership's major project, South Wind Village, the residential revitalization of downtown Bay Shore. Here the Housing Partnership is not only creating its trademark affordable home ownership, but it is also eradicating blight, creating rentals and renewing a downtown. South Wind Village is new housing on the cutting edge of smart growth for Long Island.

Whether it's building new homes through its development company, bringing jobs to low-income communities through its community development corporation, or creating knowledgeable and responsible new homeowners through counseling and down payment assistance programs, the Long Island Housing Partnership continues to improve access to credit and housing for those who have been denied decent housing, jobs and the credit to achieve both.

None of our goals could be achieved without you, our active members. Whether you are a partner from the public or private sector, the Housing Partnership would accomplish little without your involvement.

We welcome your comments.

Bob McMillan

Bob McMillan
Chairman

Jim Margo

Jim Margo
President

Peter Elkowitz

Peter Elkowitz
Executive Vice-President, CFO



From the Housing Partnership's founding, access to affordable home ownership in Nassau and Suffolk Counties has been at the center of its agenda.



**South Wind Village
will provide an
intelligent, well-designed
alternative to suburban
sprawl and create
a thriving community**

Courtesy of L.J. Business News

**Sgt. Brown of the
National Guard
proudly supervises
the demolition of
blighted Smith Avenue.**





**Alfred Rodriguez
of Associated
Supermarkets signs
ground lease to
bring a supermarket
to Wyandanch.**



The Housing Partnership's pre-purchase counseling program achieved significant milestones in 1998. It counseled its one thousandth family since the service's 1994 beginning, and in 1998 alone, the Housing Partnership prepared 359 families for home ownership, an all time high for a single year. For the second consecutive year, the Long Island Housing Partnership led all not-for-profit housing counseling agencies in the tri-state area in numbers of families qualified for home ownership with 113 mortgages committed and 94 mortgages closed.

Hundreds of families are now homeowners because of the counseling program. The Housing Partnership receives letter after letter expressing gratitude for the free counseling. The Housing Partnership does not have the land to build an affordable home for every low-and moderate-income Long Islander who needs one, but it does have the ability to help him/her secure an affordable and fair mortgage.

As a certified HUD counseling agency, the Long Island Housing Partnership also provides landlord and reverse mortgage counseling. Because of Long Island's high living costs, many senior citizens find it difficult to remain here. Reverse mortgages allow elderly homeowners to remain on Long Island by utilizing the equity they have in their homes. These mortgages can be complicated, and the Housing Partnership provides aid for seniors in navigating these funding sources.

Unfortunately, many of the requests received for counseling under LIHP's HUD grant are for default counseling. Every effort is made in an attempt to work with the lending institutions to come up with solutions that allow families facing default to remain in their homes. This is not easy.

With the help of Congressman Rick Lazio, the Long Island Housing Partnership began the Long Island Foreclosure Prevention Task Force. The Task Force has been successful in having a bill introduced in both the New York Senate and Assembly that would establish a Homeowner's Emergency Mortgage Assistance Pilot Program in Nassau and Suffolk Counties.

If approved, this fund would provide Long Island homeowners facing mortgage default, assistance with their monthly mortgage payments. Once on their feet, they would repay their no-interest loan thereby creating a revolving loan fund to help others facing similar problems.

**LIHP Counselor Lynn
Law details the ins
and outs of home
purchasing to attentive
first-time purchasers.**



**Executive
Vice-President
Peter Elkowitz
counsels hopeful
South Wind
Village purchaser.**

**For the second consec-
utive year, the Long
Island Housing
Partnership led all not-
for-profit housing
counseling agencies in
the tri-state area**

The Town of Babylon Community Development Program provides housing and community development programs for town residents. Some are town wide, others represent comprehensive efforts to work in partnership with community residents to revitalize their communities.

A major highlight of 1998 was full occupancy of NACEC Plaza in North Amityville. The opening of the European American Bank (EAB) branch, "going where no bank had gone before," and the commitment of Good Samaritan Hospital to open a medical facility completed the transformation of the once severely blighted area into a vibrant commercial center. The Housing Partnership joined with the Grass Roots Economic Development Organization, the North Amityville Community Economic Council (NACEC), and the Town of Babylon to achieve this community rebirth. NACEC will be assuming full property management.

In Wyandanch, the Housing Partnership has begun planning for Straight Path, the depressed community's main throughfare. The provision of a supermarket is a top priority and looks very promising for 1999.

The Housing Partnership was active in a wide variety of other endeavors including beautification projects for Copiague and Deer Park, and working with community groups to provide services, ranging from homeless housing to after school child care.

Finally, in furtherance of its mission, the Housing Partnership has been actively involved in creating and maintaining safe and decent affordable homes in Babylon. Using Federal HOME funds, the Housing Partnership is working with the North Amityville Taxpayers Association (NATA) and the Wyandanch Community Development Corporation (WCDC) to acquire and rehabilitate dilapidated abandoned structures that will become affordable and safe homes for low-income families.

None of the Housing Partnership's work in Babylon would occur without the dynamic and cooperative leadership of Supervisor Richard Schaffer. Nor would it be possible without the community-based organizations that work with the Housing Partnership and the Town because of their commitment to their communities.

**The opening of
an EAB branch,
the first bank ever
in North Amityville,
highlighted the
Babylon Community
Development
program in 1998.**



Long Island Housing Partnership, Inc. and Affiliates — Combined Statements of Financial Position

	<u>December 31,</u>	
	<u>1998</u>	<u>1997</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 874,256	\$ 731,087
Receivables	523,178	608,882
Investments	666,352	1,229,819
Limited use assets	1,198,573	1,069,449
Construction advance	1,098,000	—
Capitalized project costs	1,098,228	865,213
Furniture, equipment, and leasehold improvements	336,742	41,174
Other assets	<u>40,717</u>	<u>39,011</u>
	<u>\$ 5,836,046</u>	<u>\$ 4,584,635</u>
 <u>LIABILITIES AND NET ASSETS</u>		
<u>LIABILITIES</u>		
Payables	\$ 498,044	\$ 356,181
Home buyers' deposits	16,097	8,355
Project funds	75,495	92,053
Notes payable	1,638,000	500,000
NYS Housing Development Fund loan	840,000	840,000
Loans payable	<u>409,992</u>	<u>464,756</u>
Total liabilities	<u>3,477,628</u>	<u>2,261,345</u>
 <u>NET ASSETS</u>		
Unrestricted	2,047,804	2,102,330
Temporarily restricted	295,114	205,460
Permanently restricted	<u>15,500</u>	<u>15,500</u>
Total net assets	<u>2,358,418</u>	<u>2,323,290</u>
	<u>\$ 5,836,046</u>	<u>\$ 4,584,635</u>

Nassau County, where the desire for affordable ownership is overwhelming and property is in short supply, joined with the Housing Partnership to address this shortage. Nassau County Executive Thomas Gulotta authorized the Nassau County Down Payment Assistance Program to give the County's "best and brightest" the chance to own a home and remain close to family and friends.

In 1998 Nassau County's Down Payment Assistance program surpassed the \$1 million mark in assistance provided to more than 120 moderate-income, first-time homebuyers.

Because of the incredible interest in and need for the program, the Housing Partnership opened its first Nassau County office at 80 North Franklin Avenue, Hempstead, NY. Here families from Nassau learn the qualifications and criteria for the program from a trained first-time homebuyer counselor.

The Nassau need is daunting, but the innovative Down Payment Assistance Program is helping more young families remain in the county they love.

Additionally, the Housing Partnership is working with Nassau's Office of Housing and Intergovernmental Affairs to strengthen community-based, not-for-profits, and with for-profits to create affordable rentals for needy senior citizens.

Nassau County Executive

Thomas S. Gulotta

congratulates recipients

of the HOME assisted

Down Payment Program.



	<u>Years ended</u> <u>December 31,</u>	
	<u>1998</u>	<u>1997</u>
<u>CHANGES IN UNRESTRICTED NET ASSETS</u>		
<u>SUPPORT AND REVENUE</u>		
Support	\$ 397,024	\$ 655,417
Receipts from transfer of units	315,122	573,446
Other revenue	<u>937,103</u>	<u>857,371</u>
Total support and revenue	1,649,249	2,086,234
Net assets released from restrictions:		
Satisfaction of program restrictions	<u>207,817</u>	<u>162,925</u>
Total support and revenue	<u>1,857,066</u>	<u>2,249,159</u>
<u>EXPENSES</u>		
Program services	1,442,094	1,811,213
Supporting services	<u>469,498</u>	<u>450,662</u>
Total expenses	<u>1,911,592</u>	<u>2,261,875</u>
Decrease in unrestricted net assets	<u>(54,526)</u>	<u>(12,716)</u>
<u>CHANGES IN TEMPORARILY RESTRICTED NET ASSETS</u>		
Support	297,471	197,000
Net assets released from restrictions	<u>(207,817)</u>	<u>(162,925)</u>
Increase in temporarily restricted net assets	<u>89,654</u>	<u>34,075</u>
INCREASE IN NET ASSETS	35,128	21,359
NET ASSETS, beginning of year	<u>2,323,290</u>	<u>2,301,931</u>
NET ASSETS, end of year	<u>\$ 2,358,418</u>	<u>\$ 2,323,290</u>

The above data has been condensed from the financial statements audited by Holtz Rubenstein & Co., LLP Certified Public Accountants of Melville, New York. Copies of the audited statements, including the accountant's unqualified opinion dated March 9, 1999 are available from the Long Island Housing Partnership, Inc. office upon request.

Sponsorship: Working with Long Island's Leading Developers

When the Housing Partnership is a not-for-profit developer, as in Bay Shore and North Bellport, it is responsible for the entire process from site plan approval to issuance of certificates of occupancy. This labor-intensive endeavor is often the only way to create affordable homes on Long Island.

However, in certain instances, there is another way. Under the Sponsorship Program, the Housing Partnership sponsors for-profit developers for public-sector grants. The Housing Partnership prepares grant applications and monitors grant compliance, while the developer does most of the rest. The result: affordable homes.

Victorian Homes at Medford, a beautiful 50 town home development, represents the second time the Housing Partnership sponsored quality builder David Scro. This time, only 20 of the homes received a public subsidy while the remaining 30 are being sold at a market rate without any restrictions. Both the affordable and market rate homes sold out immediately indicating that subsidized homes, if designed and constructed well, bring no downside to a development. More importantly, economic integration is achieved.

At the Partnership for New Homes Program at Westhampton Beach, the Housing Partnership is sponsoring J. Andreassi and continues to provide affordable housing for young families on Long Island's pricey East End.

Many young people are forced to leave the East End because of the lack of affordable housing. This project, with the cooperation of the Town of Southampton and Suffolk County, will provide eleven families with their first homes. These beautiful ranch style homes with three bedrooms and one and one-half bathrooms on half acre plots were sold for under \$84,000. The families will all be in their homes before the summer of 1999 begins!

The public sector, with the involvement of Southampton Supervisor Vince Cannuscio and Suffolk County Executive Bob Gaffney, is a key partner in private sector sponsorships.

**Housing Partnership
sponsored homes
in Medford.**



RAYMOND A. JANSEN
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CAROL R. RICHARDS, Deputy Editor of the

ANTHONY MARRO, Editor
ROBERT F. BRANDT, Managing Editor
MARLOTTE H. HALL, Managing Editor
HOWARD SCHNEIDER, Managing Editor

How to Make Housing Affordable

A model of how to make home ownership a reality for families that otherwise could not afford it. The organization is to create partnerships between public agencies, lenders and builders to bring down the cost of housing. The key has been communication and cooperation. The result has been 400 homes built by the organization; it has assisted other agencies and companies to provide nearly 1,800 more. And through mortgage-assistance and counseling programs, it has opened the front door to housing for still other families who cannot afford the downpayment or the institutions' credit requirements. All that's still a drop in the bucket, estimated at 50,000 units needed for the Island. But the organization's projects have helped destroy the myth that it has worked. Too bad for the partnership. Like it.

REAL ESTATE

Friday, December 18, 1998



A DREAM COME TRUE

Affordable-housing program helps a family get its first home

Wanted: Minorities To Buy Homes

By Hans H. Chen
After 10 years of low- and moderate-income housing programs, the organization has not been bridged, he said. The group also coordinates a consortium of banks that make loans to developers of low- and moderate-income housing, and has developed more than 400 homes throughout Long Island. Last night, some audience members seemed equally interested in the makeup of the organization itself. "It would be better if you tried and reached out to the minorities who are represented on the board of directors," said the Rev. Emmanuel Obi, pastor of the Episcopal Church in Central Islip. Of the group's largest constituencies, he said, "I think you could mention affordable housing for minorities."

"Ten years ago, you couldn't even mention affordable housing on L.I. and now it's a reality."

Putting Need For Homes on the Map

"It's people like you who care about what happens to others, and that's important in life... I thank you from the heart for all you have done."

...in black and white. Outreach Committee... happened in the past was that the... community has not been bridged, he... the organization found out about the projects... The group also coordinates a consortium... of banks that make loans to developers of... low- and moderate-income housing, and has... developed more than 400 homes throughout Long... Island. Last night, some audience members... seemed equally interested in the makeup of the... organization itself. "It would be better if... you tried and reached out to the minorities... who are represented on the board of... directors," said the Rev. Emmanuel Obi, pastor... of the Episcopal Church in Central Islip. Of... the group's largest constituencies, he said, "I... think you could mention affordable housing... for minorities."

Dear Carol...
I can't say enough about...
The contractor assured, Carol...
Miki's work was excellent, his...
workers were polite and very...
helpful. He felt very lucky to...
achieve them.
Sincerely,
Margaret Loring

housing partnership... work closely... Upon its formation, Partnership... chairman Robert McMillan had high... expectations, though at the time he felt... more realistic as well. Knowing... that planners and Long Island needed... 50,000 to 100,000 new housing units... McMillan said he would be pleased if... the Partnership could develop 1,000 to... 2,000 units in its first three years... Peter Klein, a builder and partner-... ship founder who still serves as a director... says that although the organization's... development goal was too high, "the... spirit of it was there — the idea that we... needed a great many units... "It's not for lack of trying, but I... think I would have hoped would have... need for affordable housing would have... decreased in 10 years more than it has... been said... The Partnership has completed only... 400 homes in 10 years, with another... 150 under development, a far cry from... the original goal McMillan set — or... the Long Island Association's vice... "The most important thing the housing... partnership has done is to put the... name of affordable housing on the... map for Long Island," said Mitch Pally... the Long Island Association's vice... Please see HOUSING on Page A5

Board of Directors



CHAIRMAN
Robert R. McMillan
McMillan, Rather,
Bennett & Rigano, P.C.



VICE-CHAIRMAN
Matthew T. Crosson
Long Island Association



TREASURER
John Coffey
Roslyn Savings Bank



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Henry W. Dwyer
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Rockville Centre



William Redman
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Fleet Bank



Andrea Fortunoff
Fortunoff



Robert Herrick
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Board of Realtors



Michael Dubb
Long Island
Builders Institute



Reverend
Thomas W. Goodhue
Long Island
Council of Churches



Patricia Burnagieli
Newsday

"They stand out like beautiful thumbs," said a long time North Bellport community leader, describing the 15 homes built by the Housing Partnership on scattered sites throughout North Bellport.

The second phase of the North Bellport revitalization effort will focus on one new neighborhood, and in so doing, will create a vibrant and stable environment for the once troubled community.

The planning for South Country Estates is complete. The builder, Tom Datre, was selected by the North Bellport Committee. The new homes will be built on a street within the New York Designated Economic Development Zone (EDZ). The 19 homes will be unattached single family houses with 1,400 feet of living space. They will have three bedrooms, one and one-half bathrooms, and attached garages.

The North Bellport revitalization has the active cooperation of community groups as well as the Partnership's numerous public and private partners. Brookhaven Supervisor, Felix Grucci and the Town Board continue their strong leadership in their efforts to revitalize North Bellport.

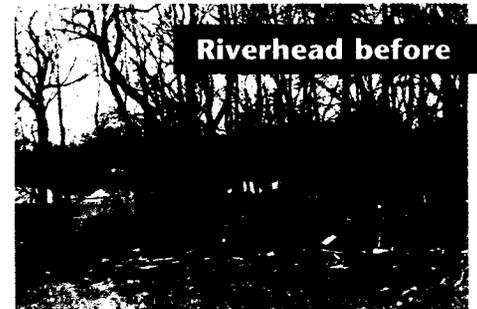
Riverhead began with five homes on scattered sites. Now its focus is the transformation of an entire neighborhood.

Following the sale of the five homes, the Housing Partnership contracted with Riverhead to complete a Master Plan for the redevelopment of blighted Millbrook Gables; the Master Plan is completed.

A builder has been chosen and LIHP is working closely with Town officials to make this development plan a reality. An interest free, recoverable grant from Citibank has enabled the Partnership to enter into a contract to purchase a 3.2-acre parcel at the entrance to Millbrook Gables on which the first new homes will be constructed. This construction is exciting because it will be the project's showcase and will signal the beginning of the revitalization of the entire community.

In addition to Citibank's contribution, the Suffolk County National Bank has contributed \$10,000, while many member banks have indicated interest in the Millbrook Gables revitalization. North Fork Bank has contributed \$10,000, Apple Bank contributed \$1,000, and Chase Manhattan Bank is interested in providing financing for future phases. The Citigroup Foundation has named the Partnership a Strategic Partner and awarded the project a \$50,000, two-year grant.

By providing high-quality, affordable housing and coordinating the first major redevelopment of an entire neighborhood on the east end of Suffolk County, the Housing Partnership fulfills its mission to provide housing opportunities to those who could not experience home ownership without intervention and assistance and, in so doing, stabilizes a community. But the revitalization of Millbrook Gables will not occur without the leadership of Suffolk County Executive Bob Gaffney and Riverhead Supervisor Vincent Villella. The citizens of Millbrook Gables deserve a safe and stable community.





Its people are the backbone of the Housing Partnership. Whether a person has been with LIHP for more than ten years or fewer than one, he/she realizes its mission and the obligation to work together to achieve it. In the final analysis, the Housing Partnership exists to serve the people of Long Island, and the Long Island Housing Partnership's people are up to the assignment.

Seated from left: Karen Borrelli, Kristie Raynor, Andrew Buonantuono, Sandra Graves, Carol Woods.

Standing from left: Jeanette Perra, Ginny Watral, Linda Mathews, Diane Patrizio, Suzanne Perra, Ann Marie Jones, Patti Bourne, Jean Morris, Renee Knight, Marion Glandorf.

Not pictured: Lynn Law, Siela Bynoe



EXECUTIVE
VICE PRESIDENT, CFO
Peter J. Elkowitz, Jr.



SECRETARY
Peter Klein
Long Island
Builders Institute

The Housing Partnership makes good things happen. The most involved members and representatives of the entire membership are LIHP's Officers and Directors. In 1998 they guided the Housing Partnership through an intense year of planning for new developments.



Wesley A. Wainwright
Chase Manhattan Bank



Michelle DiBenedetto
Citibank



John Hill
Dime Savings Bank



William Lindsay
IBEW, Local 25



Patrick G. Halpin
Institute for Student
Achievement



Timothy J. Mertins
Key Bank National
Association



David Manning
KeySpan Energy



Dr. Robert S. Widom
New York Board of Rabbis



Edward F. Ribaud
North Fork Bank



Karen E. Gunkel
Counsel



Howard Gross
Counsel
Weinberg, Kaley,
Gross & Pergament

LONG ISLAND HOUSING PARTNERSHIP, INC.

LONG ISLAND PARTNERSHIP HOUSING DEVELOPMENT FUND COMPANY, INC.

LONG ISLAND PARTNERSHIP COMMUNITY DEVELOPMENT CORPORATION, INC.

BAY SHORE PARTNERSHIP HOUSING DEVELOPMENT FUND COMPANY, INC.

1999/2000 DIRECTION

Since its inception in 1988, the mission of the Long Island Housing Partnership, Inc. (LIHP) has been to provide affordable housing opportunities to those who, through the ordinary, unaided operation of the marketplace, would be unable to secure decent and safe homes. LIHP realizes this mission through the development and sponsorship of affordable ownership and rental units, as well as through related services. To further its mission through 1999, the following priorities have been established by the Board of Directors of the Long Island Housing Partnership and its affiliates. The membership votes to approve these priorities at the Annual Meeting when it ratifies actions taken by the Board of Directors for 1998:

NOT FOR PROFIT DEVELOPER/SPONSOR

The Housing Partnership will continue to work as a not-for-profit developer to create affordable homeownership and rental housing through new construction, rehabilitation of existing housing and the sponsorship of for-profit developers. A major emphasis will be a creative reuse of downtown blighted neighborhoods like Smith Avenue in Bay Shore.

EDUCATION

The Housing Partnership will continue mortgage counseling through the Long Island Financial Training to Home Ownership Mortgage Eligibility (LIFT HOME) program, the New York Mortgage Coalition, and the Long Island Thrift Mortgage Initiative (LITMI). Post-purchase counseling and default prevention education will be expanded. The Housing Partnership will continue to advocate for affordable housing by working with public and private entities to strengthen public housing policies on the local, state and federal levels.

COMMUNITY DEVELOPMENT

The Long Island Partnership Community Development Corporation, Inc. will work to revitalize neighborhoods through residential and economic development. It will work to increase the supply of affordable housing, support existing businesses, and encourage new businesses in communities in need of revitalization. The Housing Partnership will continue to provide technical assistance to municipalities in the administration of their community development programs.

TECHNICAL ASSISTANCE PROVIDER TO FACILITATE THE CREATION OF AFFORDABLE HOUSING

The Housing Partnership will continue to provide technical assistance to community-based, not-for-profit housing organizations and for-profit developers.

COMMUNITY LENDING

The Housing Partnership will continue to work with the private, public and not-for-profit sectors on innovative community lending and related programs including the Regional Lending Consortium, the Chase Recoverable Loan Program, and the Episcopal Diocese Loan Fund.

The Long Island Housing Partnership — A Genuine Public/Private Partnership

It seems that just about every day someone is announcing a new “public/ private partnership.” The Long Island Housing Partnership is a public/private partnership where people from the private sector have been partnering with people from the public sector to make good things happen like home ownership, community development and lending programs short on bureaucratic red tape and long on tangible results.

This year’s keynote speaker is uniquely qualified to address the members of a public/private partnership. Franklin D. Raines, Chairman and Chief Executive Officer of FannieMae, a government sponsored enterprise but a private New York Stock Exchange Company and the world’s largest non-bank financial services company, brings outstanding public and private credentials to his position. And FannieMae’s corporate mission of bringing down the barriers to home ownership throughout the United States mirrors the Housing Partnership’s Long Island mission. FannieMae has been an exemplary private sector partner with the Housing Partnership.

The Housing Partnership’s public-sector partners are many including HUD Secretary Andrew Cuomo, United States Senators Patrick Moynihan and Charles Schumer, the Long Island Congressional Delegation, especially Rick Lazio, the Chairman of the House’s Sub-Committee on Housing and Community Opportunity, Long Island Assembly and Senate Delegations, Nassau and Suffolk County Executives Gulotta and Gaffney. This list would be incomplete if it did not acknowledge the Town Supervisors and Town Boards where the Housing Partnership creates affordable home ownership as well as the Nassau and Suffolk County Legislators.

While some may see them as faceless, nameless bureaucrats, we at the Housing Partnership view the federal, state, county, and town housing, planning, and community development professionals as invaluable public partners without whom our accomplishments would simply not be possible.

Our private sector members are the banks, businesses, universities, professional and labor organizations that contribute time, money and expertise to LIHP’s programs.

Whether it is to discuss the best way to site a sewage treatment plant, help Long Islanders avoid home foreclosures, have minority citizens avail themselves of Housing Partnership programs, or express a myriad of other concerns, the Housing Partnership offices are filled almost daily with bankers, lawyers, builders, community activists and government workers volunteering to find methods to make Long Island a better place to live and do business.

That’s a public/private partnership with perseverance and professionalism.



**Senator Charles
Schumer visited the
Housing Partnership’s
meeting following his
November election.
Congressman Gary
Ackerman accompanied
Senator Schumer.**

**Congressman Rick
Lazio at Bay Shore
briefing in
LIHP’s offices.**

BUSINESS

Arthur Anderson, LLP
Bankers Security Life Insurance Society
The Beechwood Organization
Breslin Realty Development Corp.
Burton, Behrendt, & Smith
Candy Falcon Realty
Casa Blanca Agency
Certilman, Balin, Adler & Hyman
Michael P. Chiarelli, Engineer P.C.
Chicago Title Insurance Co.
Commonwealth Land Title Ins. Co.
Community Preservation Corp.
Computer Associates International Inc.
Cullen & Dykman
Victoria Cronacher, Professional Engineers P.C.
EMJ Construction Consultants, Inc.
Engel & Partners, Inc.
Ernst & Young
Estee Lauder Companies
Executive Towers at Lido
Fanning, Phillips and Molnar
Farrell, Fritz, Caemmerer, Cleary, et. al.
First American Title Insurance Co. of N.Y.
Fortunoff
Freudenthal & Elkowitz Consulting Group
Gold Hammer Ltd.
Goldman, Sachs & Co.
Harbour Club, LLC
Hartford Funding Corp.
Henron Development Corp.
Home Depot
James & Leonard Engineers
J.E. Levine Builder, Inc.
Kenneth H. Beckman
KeySpan Energy
The Klar Organization
Kleet Lumber Company, Inc.
Klein & Eversoll, Inc.
Land Design Associates
Long Island Power Authority
Lumex, Inc.
Margolin, Winer & Evens
McMillan, Rather, Bennett & Rigano, P.C.
Mill Max Mfg. Corp.
Mincone & Mincone, P.C.
MJCL Architects & Interiors
Mountco Construction & Development Corp.
Nassau/Suffolk Lumber & Supply
National Land Tenure Co, Inc.
Nationwide Collection Systems, Inc.
Nelson & Pope, LLP
Nixon, Hargrave, Devans & Doyle, LLP
P.C. Richard & Son
The Park Ridge Organization
Pat T. Seccafico, Professional Land Surveyor
PricewaterhouseCoopers
Raiche, Ende, Malter, Lerner & Company
Eric T. Reeps Appraisals, Inc.
Riverhead Building Supply Corp.
S. B. Bowne & Son
Saccardi & Schiff, Inc.
St. Gerard Printing
Scro & Scro Properties, Inc.
John F. Shea III, Esq.
Site Selection Advisory Group, Inc.
Slant/Fin Corp.
Sobel, Kelly & Kotier, PC.
Soil Mechanics Drilling Corp.
Southland Corporation
South Shore Waste Corp.
Sterling Carpet Co., Inc.
Sterling Equities Inc.
Sterling & Sterling

Suffolk Regional Off-Track Betting Corp.
Triangle Building Products Corp.
United States Trust Company of NY
Waldbaum, Inc.
Watral & Sons, Inc.
Weinberg, Kaley, Gross and Pergament
Whitman-Thaw & Associates

EDUCATION

Brookhaven National Laboratory
Stony Brook University
Touro Law Center

FINANCE

Alliance Mortgage Bankers Corp.
Apple Bank for Savings
Astoria Federal Savings & Loan Assoc.
Bank of America
Bank of New York
Bank of Smithtown
Chase Manhattan Bank
Citibank
CFS Bank
Commonwealth Mortgage Assurance Co.
Community Home Mortgage Corp.
Dale Mortgage Bankers Corp.
Dime Savings Bank
European American Bank
First National Bank of L. I.
Fleet Bank
Flushing Savings Bank
GMAC Mortgage Corp.
GreenPoint Bank
HSBC Bank
Independence Savings Bank
Jamaica Savings Bank
Key Bank National Association
Long Island Commercial Bank
M & T Mortgage Corp.
Mortgage Lending of America
North Fork Bank
Parmann Mortgage
Reliance Federal Savings Bank
Republic National Bank of NY
Residential First, Inc.
Ridgewood Savings Bank
Roslyn Savings Bank
Southern Star Mortgage Corp.
State Bank of Long Island
Suffolk County National Bank
Suffolk Federal Credit Union

FOUNDATIONS

Allstate Foundation
Institute for Student Achievement
Long Island Community Foundation

LABOR

AFL-CIO Housing Investment Trust
IBEW, Local 25

MEDIA

Cablevision
CMP Media, Inc.
Newsday
WBAB FM Radio

PROFESSIONAL

Hauppauge Industrial Association
Long Island Association
Long Island Board of Realtors
Long Island Builders Institute
Oil Heat Institute of Long Island

RELIGION

Diocese of Rockville Centre
Long Island Council of Churches
New York Board of Rabbis

Acknowledgements

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Andrew Cuomo, *Secretary, HUD*
Patrick Moynihan, *U.S. Senator*
Charles Schumer, *U.S. Senator*
Gary Ackerman, *Congressman*
Michael Forbes, *Congressman*
Peter King, *Congressman*
Rick Lazio, *Congressman*
Carolyn McCarthy, *Congresswoman*
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Ron Devine, *Assessor*
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Joan Johnson, *Town Clerk*
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Barbara Fishkind
Jack Hurt
JoAnne Mitidieri Sanders
Donna Periconi
Marilyn Schulman
Nikki Thompson

Catherine Yeager

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Joanne Cardinali, *Community Development Director, KeySpan Energy*
Joe Catalano, *Newsday*
Warren Cronacher, *PE*
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Bill Davidson, *Long Island Lighting Company*
Gail Owens, *President, Greater Gordon Heights Civic Assoc.*
Rosemarie Dearing, *Executive Director, NACEC*
Tom DeJesus, *KeySpan Energy*
Howard DeMartini, *Chairman, Suffolk County Republican Committee*
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Randy Feigenbaum, *Newsday*
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Paul Fauci, *Slant/Fin*
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Ralph Vasquez, *JJR*
Joseph Ucci, *CPA*
Alfred Werner, *MTA Board, Islip MacArthur Airport*
Abass Wessen, *Concerned Citizens for Better North Bellport*
Bob Wieboldt, *Long Island Builders Institute*
Ann Marie Wheelock, *President, CEO, FannieMae Foundation*
Michelle Whetten, *The Enterprise Foundation*
Donald Donaudy, Jr., *Donaudy Munch Marketing Communications*

LONG ISLAND HOUSING PARTNERSHIP INC.

LONG ISLAND PARTNERSHIP HOUSING DEVELOPMENT FUND COMPANY
 BAY SHORE PARTNERSHIP HOUSING DEVELOPMENT FUND COMPANY
 LONG ISLAND PARTNERSHIP COMMUNITY DEVELOPMENT CORPORATION
 1988-1998

DEVELOPMENT/REHABILITATION

	ADDRESS	COUNTY	SCAT SITES/ SUBDIVISION	TYPE OF HOME	# OF HOMES	SALES PRICE
Amity Villas	Schlaegel Blvd Amityville	Suffolk	Subdivision	Townhouse	72	\$58,584
Babylon	Amityville	Suffolk	Scat Sites	Ranch	1	\$61,000 \$68,990
Brookside Estates	Flanders Chapman Blvd	Suffolk	Sub Division	Colonial	40	to \$63,990
Cobbleridge	Manorville	Suffolk	Subdivision	Townhouse	72	\$79,499
Country View I	Middle Island	Suffolk	Subdivision	Condo	33	\$73,990
Country View II	Middle Island	Suffolk	Subdivision	Condo	33	\$73,990
Freeport	Freeport	Nassau	Scat Sites	Cape/ Ranch/Col	9	\$76,045 to \$86,705
Gordon Heights	Gordon Heights	Suffolk	Scat Sites	Colonial/ Ranch	9	\$68,000 to \$78,000
Islip I	C Islip, Brentwood Baysshore, Ronkonkoma	Suffolk	Scat Sites	Colonial/ Ranch	11	\$67,064 to \$68,047
Islip II	C Islip, Brentwood Baysshore, Ronkonkoma	Suffolk	Scat Sites	Colonial/ Ranch	42	\$61,350 to \$79,527
Islip III	Brentwood	Suffolk	Scat Sites	Ranch	4	\$62,811
Islip III	Brentwood	Suffolk	Subdivision Vasquez Park	Colonial	6	\$73,460
Islip III	Baysshore	Suffolk	Subdivision East Thrd/Thrd	Colonial	19	\$87,580 to \$116,730
Islip V	Brentwood	Suffolk	Scat Sites	Colonial	1	\$29,950
Long Beach	East Market & Hudson St City of Long Beach	Nassau	Subdivision	Townhouse	15	\$70,731 to \$76,045
North Bellport	North Bellport	Suffolk	Scat Sites	Colonial/ Ranch	13	\$39,752 to \$46,950
The Pines	Old Country Rd East Ouzgog	Suffolk	Subdivision	Cape/ Salt Box	30	\$83,580 to \$94,930
REO	Brentwood	Suffolk	Scat Sites	Ranch	2	\$80,000 \$41,550
Riverhead	Riverhead	Suffolk	Scat Sites	Ranch	5	to \$49,475
Long Beach II	City of Long Beach	Nassau	Scat Sites	Two Family	2	TBD
Northern Sites	Westhampton	Suffolk	Sub Division	Single Family	11	\$85,786
South Wind Village	Bay Shore	Suffolk	Redevelopment of Downtown Area	Family Rental/ Senior Rental/ Homeownership	10 16 52	TBD
South Country Estates	East Patchogue	Suffolk	Sub Division	Colonial Ranch	19	\$83,748
Victorian Homes	Medford	Suffolk	Sub Division	Condo	20	\$84,990
TOTAL # OF HOMES					547	

PLANNED PROGRAMS

Mastic/Shirley	Town of Brookhaven	Suffolk	Scat Sites	Single Family	16	TBD
Mitbrook Gables	Riverhead	Suffolk	Sub Division	Attached	13	TBD
TOTAL # OF UNITS FOR PLANNED PROGRAMS					29	

LOAN FUND PROGRAMS - REGIONAL LENDING CONSORTIUM / EPISCOPAL DIOCESE / CHASE RECOVERABLE GRANT

				TYPE OF LOAN	LOAN AMOUNT
Bellport, Hagerman East Patchogue Alliance	North Bellport	Suffolk	Single Site	Acquisition	3 \$156,000
Central Islip Civic Council Inc	Central Islip	Suffolk	Single Site	Acquisition/Rehab	1 \$50,000
Love'm	Town of Brookhaven	Suffolk	Scat Sites	Acquisition	8 \$432,106
Main Street School	Port Washington	Nassau	Single Sites	Construction/ Bridge/Permanent	59 \$5,400,000
Rivoli House	Hempstead	Nassau	Subdivision	Construction/ Permanent	112 \$12,050,000
South Shore Restoration Group Inc	Bay Shore	Suffolk	Single Site	Acquisition/Rehab	6 \$80,000
ARTCO, LLC	Bay Shore	Suffolk	Scat Sites	Acquisition/Rehab	7 \$426,400
Broadway West LLD	Brentwood	Suffolk	Senior Subdivision	Acquisition/Bridge	72 \$450,000
Suburban	Bay Shore/Central Islip	Suffolk	Scat Sites	Acquisition	6 \$380,000
Housing Help, Inc	Huntington Station	Suffolk	Scat Site	Acquisition	1 \$120,000
TOTAL # OF UNITS FOR LOAN FUND - REGIONAL LENDING CONSORTIUM / EPISCOPAL DIOCESE / CHASE RECOVERABLE GRANT					275 \$19,424,508.00

TECHNICAL ASSISTANCE PROGRAM

Fairway Manor Senior Housing Development	Hamlet of Bayport	Suffolk	Subdivision	Senior Apartment Complex	174	\$500 - \$700 (rents)
Fairlawn Property Nassau County 31 Groups	Village of Patchogue	Suffolk	Subdivision	Senior Housing	37	TBD
Down Payment Assistance Program I & II	Various Communities in Nassau County	Nassau	Scattered Sites	Various Unit Types	513	
Suffolk County Weatherization Program	Various Communities in Nassau County	Nassau	Scattered Sites	Various Unit Types	121	Not to exceed \$190,000
Last Resort	Various Communities in Suffolk County	Suffolk	Scattered Sites	Various Unit Types	32	N/A
Town of Huntington	East Northport	Suffolk	Subdivision	TBD	TBD	TBD
Island Park	Island Park	Nassau	TBD	TBD	TBD	N/A
Catholic Charities	Various Communities	Nassau/Suffolk	TBD	TBD	TBD	N/A
Broadway West LLD	Brentwood	Suffolk	Subdivision	Senior Rental Housing	72	\$520 to \$690 (rents)
TOTAL # OF UNITS FOR TECHNICAL ASSISTANCE PROGRAMS					949	

COMMUNITY & ECONOMIC DEVELOPMENT

Tutor Time	North Amityville	Suffolk		Commercial	10,000 Sq. Ft.	
EAB	North Amityville	Suffolk		Commercial	1,000 Sq. Ft.	
Police Sub-Station	North Amityville	Suffolk		Commercial	365 Sq. Ft.	
Rite Aid	North Amityville	Suffolk		Commercial	12,000 Sq. Ft.	
Town of Babylon	3 Villages & 15 Subrecipients	Suffolk		Various Community/Economic Development Programs		\$2,356,234.00

EDUCATION - MORTGAGE TRAINING AND ASSISTANCE

		Type of Counseling
NY Mortgage Coalition - Mortgage Counseling	1517 Have been counseled 450 Mortgage Applications have been submitted	First Time Homebuyers Mortgage Counseling First Time Homebuyers Mortgage Counseling
HUD Counseling Services	356 Applicants Counseled	Foreclosure, Reverse Annuity Mortgage, Default & Pre-purchase Counseling
Long Island Thrift Mortgage Initiative (LITMI)	64 Mortgages reviewed 4 Homebuyers Expo (2,117 participants)	First Time Homebuyers Mortgage Counseling First Time Homebuyers Mortgage Counseling

a/o 4/01/99

TBD=To be determined

N/A=Non applicable



Long Island Housing Partnership, Inc.
180 Oser Avenue, Hauppauge, New York 11788
516 435-4710 FAX 516 435-4751
e-mail: lihpic@aol.com

Testimony Before The Federal Reserve Board

Wednesday, July 7, 1999

Boston, Massachusetts

Keith W. Stokes

Mr. Chairman and members of the Federal Reserve Board, thank you for the opportunity to present my views on the proposal by Fleet Financial Group to merge with BankBoston Corporation. My name is Keith W. Stokes of Newport, Rhode Island and I am presently executive director of the Newport County Chamber of Commerce in Newport. I am also a member of the Fleet Bank InCity Advisory Board that advises the bank on community development and financial needs in its marketplace. My testimony before you today is in strong support of the proposed merger that would create the 8th largest financial institution in the nation. My support is based upon many years of professional experience in affordable housing, community development, business development and urban planning. I will add that the most important part of my work has included serving on the Affordable Housing Advisory Board of the Federal Home Loan Bank of Boston, Vice Chair of the Rhode Island Main Street Corporation and Vice Chair of the Rhode Island Enterprise Zone Council. As you can see, my professional background and experience has been an effort to improve the economic and social conditions within urban communities, with much of that experience coming from working with financial institutions.

It is well known that access to capital and financial stability are critical issues facing our urban and rural communities, particularly as we move into the next millennium. Guided by a strong national and local economy, our region has seen unprecedented employment growth and business investments. Rather than waiting for these economic benefits to trickle down to low and moderate-income communities, institutions such as Fleet and Bank Boston have pioneered the way financial institutions promote access to credit and capital in the communities of greatest need. Even though separately they have made significant charitable, investment and capital contributions to New England's communities, combined they have the financial potential to become one of the nation's leading participants in community revitalization and stabilization.

From my personal and professional viewpoint, this merger represents a key opportunity for advocates of community reinvestment and development to create new strategic partnerships that will stimulate innovation and enhance investment opportunities for our urban and rural communities. Some community leaders might worry that one less major bank may reduce the amount of community reinvestment activities in the regional marketplace. It has been my experience that both Fleet and BankBoston have historically demonstrated the highest level of community reinvestment initiative and involvement. It is my belief that this level of involvement would only be enhanced with the combined financial resources created by this merger. I would also point out that the creation of a larger, more efficient and effective financial institution would under existing federal Community Reinvestment Act (CRA) requirements, be even more diligent in the way they are

required to invest in their communities. As a direct demonstration of this new commitment, the newly formed Fleet Boston Corporation has announced it will establish a new \$100 million philanthropic foundation. This is a real commitment offering real dollars for charitable endeavors across the region. Additionally, the merger will create a stronger financial institution that will be able to provide banking services for a larger number of businesses in the marketplace. I will add that under the CRA requirements, this would mean more dollars and services for small business support and affordable mortgage underwriting.

In closing, as you continue to hear testimony and collect information relating to the merger, I ask that you seriously take into consideration that this unification of two highly regarded banks is an opportunity to not only create the strongest financial institution in and for our region, but a means to create more community investment opportunities for our urban and rural communities. Plainly speaking, the newly created FleetBoston will be able to increase its level of business and charitable contributions throughout their Northeast market. This is good for business and our community.

Thank you.

NEW HAMPSHIRE
BUSINESS
DEVELOPMENT
CORPORATION



1001 Elm Street
Manchester
New Hampshire
03101-1828
Tel: (603) 623-5500
Fax: (603) 623-3972

June 18, 1999

Mr. Richard Walker
Vice President & Community Affairs Officer
Federal Reserve Bank of Boston
600 Atlantic Avenue
Boston, MA 02106

Dear Mr. Walker,

This letter is written to offer my strong support of the merger between Fleet Financial Group (Fleet) and the BankBoston Corporation (BankBoston). My comments are offered in response to the notice of intention to file a Federal Reserve Application that was published in the *Boston Globe* on May 14, 1999.

The New Hampshire Business Development Corporation (NHBDC) exists to promote economic development in the state by addressing under-served market segments with financial services, both directly and in partnership with the banking industry. As evidence of our commitment to the small business community, it is a pleasure to note that the US Small Business Administration recently recognized us as the national Financial Services Advocate of the Year for 1999.

We have worked very closely with Fleet over the years and have seen first-hand the bank's commitment to promoting small business financing using the partnership model. Fleet has participated in three NHBDC investment pools during the past four years alone, two of which are through its Fleet Community Development Corporation (Fleet CDC) subsidiary. With the cooperation of Fleet and others, we have been able to use these proceeds to stimulate over \$125 million of venture capital and higher-risk lending activity that otherwise may not have occurred in New Hampshire. In a small state such as ours, this is a most meaningful volume.

Ever since BankBoston achieved its New Hampshire presence in the past couple of years the bank has been active in community affairs, particularly in the small business arena. The bank's BankBoston Development Company (BBDC) was quick to invest in our new venture capital fund, an initiative targeted to smaller companies that are overlooked by the established venture capital industry. Employing a direct investment business model, BBDC sees participation in our fund as a means for establishing a foothold for future New Hampshire investment opportunities in partnership with NHBDC.

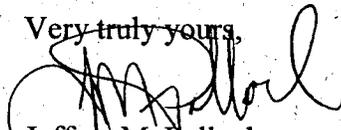
Mr. Richard Walker
June 18, 1999
Page Two

I am supportive of the merger because I see synergy rather than redundancy in the combination of these two institutions. From the community development perspective, it is quite exciting to envision the potential of Fleet CDC's partnership model in combination with BBDC's direct investment strategy. On the flip side, I believe New England will suffer a tremendous loss of community commitment in the event that it does not remain home to one of the banking leaders after the industry consolidates. To this end, witness the mayor of San Francisco threatening to remove city funds from the Bank of America now that decisions are made in its new Charlotte, NC headquarters.

It is my good fortune to serve on the Fleet In-City Advisory Board in representation of New Hampshire's interests. Based on this experience, I have first-hand knowledge of Fleet's commitment to community development. In this regard, the bank recognizes that the best interests of the community are best served by helping its citizens to create wealth. Some people confuse this market orientation with a lack of interest in community affairs. For my part, I share the view of renowned Harvard professor, Michael Porter, that this is the only *sustainable* means of community support in a market-oriented economy. This, in fact, is the philosophy with which we approach our work at NHBDC.

It is my great hope that you will grant due weight to these facts in the process of considering the Fleet/BankBoston merger application. Thank you for the opportunity to comment.

Very truly yours,



Jeffrey M. Pollock
President

**Testimony of the Initiative for a Competitive Inner City
Community Investment and the BankBoston/Fleet Bank Merger
Boston Federal Reserve Bank
July 7, 1999**

My name is Anne Habiby and I am the Director of Research & Communications at the Initiative for a Competitive Inner City. ICIC, which is based in Boston, is a national, non-partisan, not-for-profit organization established by Harvard Business School Professor Michael Porter in 1994.

One of the most important things that anyone can do for inner-city revitalization is provide access to capital. As one of our board members recently stated "capital goes where it's invited and stays where it's welcome."

Bank Boston's Community Development Bank under Chad Gifford and Gail Snowden's exemplary leadership has proven that it is committed to this premise. In fact, ICIC has been outspoken in our support of BankBoston's community bank model and strong inner-city franchise and often cite it to the media as the preeminent community bank in the country. We are encouraged that the proposed merger of BankBoston and Fleet Bank anticipates an increased role for community banking.

Over the past five years, ICIC has chronicled the competitive potential of inner cities across the country, including Boston. A recent ICIC study, to be released this week entitled "**Inner-City Business Development: Benchmarking Federal Spending and Guidelines for Action**", found that between 1996 and 1997, BankBoston and Fleet have been leaders in making SBA 7(a) guaranteed loans to Boston inner-city businesses. Boston's inner city was defined as Dorchester, East Boston, Mattapan, Roxbury and South Boston.

Testimony of the Initiative for a Competitive Inner City
Community Investment and the BankBoston/Fleet Bank Merger
Boston Federal Reserve Bank

July 7, 1999

In 1996, BankBoston led all banks in lending, giving out 9 loans out of a total of 27 and was 1997's second most frequent lender in Boston's inner city, giving out 8 loans out of a total of 43. Fleet alone more than doubled lending in Boston's inner city, from 7 to 16 loans during this period. 7(a) lending in Boston's inner cities increased dramatically from \$1.8 million in 1995 to \$6.9 million in 1997, with a substantial increase in loan size from \$67,000 to \$160,000. Interestingly, Boston's inner city share of 7(a) loans as a percentage of total Boston 7(a) loans has increased from 18% in 1995 to 43% in 1997, in large part due to the lending practices of BankBoston and Fleet Bank.

We would urge both banks to sustain and extend these lending practices and their community involvement more broadly – lending as much as possible, profitably. In so doing, the banks will not only provide necessary capital for business growth and economic revitalization, but will be proving the value of the inner-city market to the wider investment community.