
Statement of Committee on Jobs

Federal Reserve Bank Hearing on Bank of America/NationsBank Merger

July 10, 1998

Good morning, my name is Mark Mosher. I am Executive Director of the Committee on Jobs, a coalition of 33 of San Francisco's largest private sector employers.

Our organization focuses on public policy issues affecting the City's economic vitality and quality-of-life. During its eight-year history, Jobs has organized corporate community involvement in a few key areas, including major youth hiring and welfare-to-work initiatives. It is in this context that I would like to address the proposed merger and what we believe to be Bank of America's post-merger commitment to San Francisco.

In every initiative Committee on Jobs has undertaken, whether it was our effort to replace cuts in the federal Summer Youth Employment Training Program or the organization of hundreds of business volunteers through Christmas in April, Bank of America has taken a leadership role. The Bank has demonstrated to us that this leadership role will not decline in the wake of the merger.

When the local business community came together to address the challenge of welfare reform, Bank of America led the way. Last year, the Bank contributed \$250,000 to found San Francisco Works, an effort to help transition 2,000 public assistance recipients into self-sufficiency over the next three years. Bank of America's involvement in this effort transcends checkbook philanthropy. Bank Chairman David Coulter has personally involved himself in the organization, participating in board meetings, loaning his staff to counsel San Francisco Works in current training methods and committing employment opportunities to program graduates. The Bank has communicated to us that its commitment in each of these areas will not decline after the merger.

I value Bank of America's role in San Francisco, and I was surprised and disappointed when I heard the headquarters would be moved to Charlotte. The move is definitely a blow to the City's prestige. However, in practical terms, David Coulter and half of the merged Bank's executive management team will remain in San Francisco, several key operations will remain headquartered in the City, and the deep spirit of community involvement fostered by the Bank's current leadership will continue.

We urge approval of the merger. Thank you.

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United Housing & Educational Development Corp

Panel 22

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Federal Reserve Bank

Good afternoon My name is Edward Esquibel, I Am The Executive director of Untied Housing & Educational Development Corporation. United housing is a non profit 501C-3 organization Formed in 1990 in the state of Arizona that provides affordable housing in the Rural areas of Pima And Pinal Counties . United housing is currently under contract with the United states Dept. of agriculture , Rural Housing services , to operate and provide technical assistance under their 523 self help program . This program targets families in need of safe , decent affordable homes . Families qualify for a housing loan from Rural Development called the 502 direct loan program based on their income and need . The families income cannot exceed 80% of the areas median income. Subsidy is awarded to families based on family size and income . These families are considered low and very low based on the income standards

United Housing and Educational Development Corporation (UHEDC) is pleased to be a partner with Bank of America's Community Development Bank. Bank of America has already established an effective partnership which has enabled local self-help housing organizations like ours to expand the opportunity for self-help families to achieve homeownership . Bank of America in 1997 established It s Rural 2000 Initiative which is addressing rural concerns of reaching out to markets that either no service is available or is under served . Bank of America's rural 2000 initiative will make available funds , to provide mortgage loans by partnering with department of agriculture , as well with Fannie Mae to start the 502 direct blended loan program which is being piloted through the rural 2000 initiative . The 502 direct loan program current funding level is 1 billion dollars this fiscal year . This Rural Initiative is assisting Non profit organizations with Lines of Credit for construction loans and Infrastructure loans that will provide critical resources to facilitate the development of building sites for low-income families who , are willing to commit the time , and energy to build homes for themselves and their neighbors .

United Housing has demonstrated success in the development of self-help housing . In Fact , since 1990 , UHEDC has assisted 102 families in the successful construction of their homes through mutual self-help . The state of Arizona is currently Rank number two in the United States for providing self help homeownership Under the department of agriculture National self help program . United Housing was Nationally Recognized in 1996 by the Fannie Mae Foundation as the recipient of the Maxwell award of Excellence for the production of low income housing . At the same time , there are many families who are waiting for the opportunity to join with their neighbors to build better homes for themselves and their children . One of the continuing obstacles we face is the difficulty of acquiring affordable building sites . Bank of America funds through the Community Development Bank has assisted UHEDC in the development of suitable building sites .

The opportunity of this merger can provide greater resorces to nonprofits like ourselves in partnering with the federal resource dollars that had been available in the past to operated programs such as the self help program . The Bank of America / Nations bank , 350 billion dollars commitment to provide Funding resorces as I have discuss earlier will have a impact on rural areas markets that has been undeserved and misunderstood for years .

Bank of America has a proven track record in effectively managing The Community Development Bank by providing funds , which has created homeownership opportunities for hardworking , low-income families within our service area and throughout rural America .

Panel 22

United housing supports the Merger between Bank of America and Nations Bank
Thank you for the opportunity to speak on behalf of the families that we have served and United Housing

Sincerely,

Edward Esquibel
Executive Director

Panel 22

7-10-98

Good morning,

My name is Al Price and I am from Beaumont, Texas. I am a retired Captain for American Airlines. For the past 21 ½ years, I have served the citizens of Southeast Texas as their representative in the Texas House of Representatives. Today, I represent the Southeast Texas Community Development Corporation, Inc., which I serve as President. We are a 501(c) (3) organization, founded in 1993.

SETCDC currently serves the City of Beaumont, City of Port Arthur, City of Orange in addition to Jefferson and Hardin counties.

SETCDC is certified as a CHDO by the Texas Department of Housing and Community Affairs to serve rural Texas and certified as a CHDO by the Cities of Bbeaumont, Port Arthur, and Orange.

In the past five years SETCDC has completed new construction and rehab construction in excess of \$2.2 million. SETCDC anticipates new construction of 250 new homes and 100 rehabs over the next three years. We plan to expand SETCDC in developing affordable housing in rural East Texas.

Some eight years ago, when we were reviewing the lending practices of banks in our community, I met Ms. Cathy Bessant of NationsBank. She came to Beaumont to work with us to achieve the aims of the Community Reinvestment Act. She was very cooperative and helpful and I am pleased to know that she will be involved in this great effort.

Our organization has developed a business relationship with NationsBank which includes the arrangement of permanent financing of loans for our homeowners and builders. In this manner, we have been successful in addressing the housing and banking needs of a clientele that is traditionally below the regular commercial banking floor. Through our Homebuyer Education Program, we work with persons who are currently renters. We inform them, encourage them, cajole them--if necessary --spurring them to dare achieve the dream of homeownership.

Virtually every one of our clients utters in disbelief at closing, "I never thought I'll ever own my own home."

These are new homeowners. These are first- time homebuyers. These are new mortgages. This is new money being generated in our community. This is private enterprise doing what it can do best and do much better than the government. This is removing people from the public dole. This is putting housing and economic development in the

private sector-- without dependency on public funds.

Upon learning of the proposal of NationsBank to make \$350 billion available to address the needs of low-income and rural areas, I contacted NationsBank to discuss ways that we and they could partner with local officials and community leaders to plan and execute locally-conceived programs that will benefit the community as a whole, while concurrently achieving the goals of NationsBank and the Southeast Texas CDC.

This \$350 billion dollar infusion represents a pool of resources that will allow communities to do housing and economic development on a scale that will be both trend-setting and transforming--and if done correctly will allow a level of efficiency that can stretch these dollars farther.

I have submitted a proposal to NationsBank to establish a pilot program in a small county in Southeast Texas. This proposal, which could be quickly implemented, calls for our convening the county commissioners plus the mayors and council members of each city (with a population of at less than 10,000), along with officials of HUD, the state of Texas, local non-profit groups and the private sector for the purpose of assisting local communities in the creation of a plan for housing and economic development.

Such a procedure could be replicated anywhere and at will. Through SETCDC and other non-profits, NationsBank will be able to extend its financial tentacles into hamlets which are presently inaccessible, thereby transforming whole communities.

Homeownership is the cornerstone of safe, desirable neighborhoods, and therefore is essential to any plan to revitalize communities. People who own their own homes care about their streets, their property values and their schools. They generate business, they pay taxes, and more often than not, they vote. By providing safe, sanitary, desirable homes to low-to-moderate income families, CHDOs work to fend off the "renter's mentality"--with its emphasis on dependency, consumership and apathy-- and replace it with the "homeowner's mentality" with its emphasis on independence, productivity, and involvement.

Ladies and gentlemen, because I am so pleased to see this expression of corporate responsibility and goodwill and because I view this as a definitive measure to put affordable housing and community development firmly into the private sector-- and away from dependency on governmental handouts-- I am very pleased to support the proposal by NationsBanks Corporation, Charlotte, North Carolina, to acquire BankAmerica Corporation, San Francisco, California.