

*Testimony Re: Merger of Norwest and Wells Fargo Banks
Mary Tingerthal, President and CEO
National Equity Fund, Inc.
September 17, 1998*

Good afternoon. My name is Mary Tingerthal and I am here to give testimony regarding the merger of Norwest Bank and Wells Fargo Bank.

I am here as president and chief executive officer of the National Equity Fund, Inc., commonly referred to as NEF. In this position, I also am here speaking on behalf of the National Equity Fund's parent organization, the Local Initiatives Support Corporation, commonly referred to as LISC.

To understand the relationship of Norwest and Wells Fargo with LISC and NEF, let me first explain what LISC and NEF are.

LISC, the Local Initiatives Support Corporation, is the nation's largest community development intermediary and is a certified Community Development Financial Institution.

Since its founding 19 years ago, LISC has helped nearly 1,800 community development corporations in more than 100 cities, as well as rural communities across 39 states and Puerto Rico. In this work, LISC has attracted support from almost 2,000 donors and investors — including Norwest and Wells Fargo.

Through this support, LISC has raised \$3.1 billion in grants, loans, and equity investments for community development corporations and leveraged an additional \$3.5 billion in public and private support. These dollars have produced more than 80,000 affordable homes and nearly 12 million square feet of community facilities, commercial and industrial space.

These focused investments catalyzed the transformation of some of the most infamous neighborhoods in the country — extending from South Central Los Angeles to New York's South Bronx — into decent and desirable places to live. Norwest and Wells Fargo have been instrumental in their support of LISC in bringing about revitalized neighborhoods in the cities where they operate.

Both banks have been integral to the community development work of the National Equity Fund as well. NEF is the nation's largest nonprofit syndicator of the federal government's Low Income Housing Tax Credit program. NEF was founded in 1987 by the parent company, LISC.

For 11 years now, NEF has utilized the Tax Credit program to stimulate investment in affordable housing developments built and owned by nonprofit organizations, including community development corporations.

To date, NEF has raised nearly \$2.4 billion from more than 140 investors. This action has generated the development of an estimated 44,000 rental homes targeted for struggling families, individuals with special needs, the elderly, and the homeless.

Because of their participation in the NEF investment program, Norwest and Wells Fargo have been key to helping provide housing for low income and special needs populations, and in bringing blighted neighborhoods back to life.

I can point to Norwest and Wells Fargo being instrumental in community development because of their historical core contributions to LISC and investments in NEF, as well as their long-term active involvement in local communities' working toward revitalization. "Financing" investments and providing the "people" leadership are two areas in which both banks excell.

Within the banking industry, Norwest and Wells Fargo have provided resources to the field of community development, and together have invested millions of dollars in poor communities across the country.

From 1989 through today in 1998, Norwest has invested \$14,345,000 in LISC and NEF. This total includes \$14,000,000 of NEFequity investments since 1990. This total also includes \$345,000 in grants to LISC since 1989 which have supported six local LISC programs (Minneapolis, Duluth, Las Vegas, Milwaukee, Phoenix, and St. Paul).

From 1983 through today, Wells Fargo Bank has invested \$120,162,700 in LISC and NEF. This total includes \$117,200,000 of combined equity investments in NEF's National Fund (\$42,000,000) and California Fund (\$75,200,000) since 1987. This total also includes \$2,962,700 of grants to LISC since 1983 which have supported seven local LISC programs (Bay Area, Houston, Las Vegas, Los Angeles, Phoenix, San Diego, and Puget Sound) as well as LISC's National Rural program.

The financial support of Norwest and Wells Fargo over the years has been matched with the "people leadership" as bank executives serve on advisory committees in eight LISC local program areas and the Rural LISC program area. Here are a few examples that demonstrate their commitment to community development.

- Both Norwest and Wells Fargo serve on the local advisory committee for the LISC Las Vegas, Nevada, office. This leadership is provided through bank executives Paul Kadavy, Norwest Nevada president, and Sam Culotta, Jr., Wells Fargo's vice president for community development. Both men also serve on the executive subcommittee and strategic planning subcommittee. Sam also serves on the Board of the North Las Vegas Neighborhood Housing Services.
- Additional Norwest staff provide expertise to Las Vegas LISC by serving on the CDC capacity building subcommittee (Nancy

Hamilton, CRA officer) and the project review subcommittee (Rick Frank, commercial loan officer).

- Norwest sponsored a \$200,000 FHLB of San Francisco (Federal Home Loan Bank of San Francisco) Affordable Housing Program award to the East Las Vegas Community Outreach Corporation for the 40 homeownership unit Mi Casa En El Sol project.
- Norwest also has issued a \$1 million revolving construction loan letter of intent for the project and is expected to provide approximately \$2.6 million in homebuyer permanent mortgages. Two Norwest staffers participate in the project marketing committee.
- Wells Fargo Foundation provided \$25,000 to Las Vegas LISC in its current fundraising campaign. Additionally, First Interstate Bank, which was purchased by Wells, provided \$50,000 to Las Vegas LISC in a previous fundraising campaign.

- In Milwaukee, Wisconsin, J. Lanier Little, a Norwest bank regional president, has been a member of the local LISC advisory committee for over two years and serves as credit committee chairman. Lanny is active with NOHIM, an organization titled New Opportunities for Home Ownership in Milwaukee. This is a coalition of lenders and nonprofit home buyer counselor groups.
- In Houston, Texas, Wells Fargo actively works with the LISC local program as the bank's senior vice president, Effie Booker, is a member of the local advisory committee.
- Community development in California has benefited from Wells Fargo's "financial and people" leadership.
 - Since 1983, Wells Fargo has contributed a combined total of \$1,446,000 in grants to LISC program areas in the Bay Area, Los Angeles, and San Diego. Since 1990, Wells Fargo's investments in

affordable housing through the California Equity Fund has totaled \$75,200,000.

- Executive vice president for corporate community development
Karen Wegmann has been instrumental in leading Wells Fargo to make these major LISC grants and investments in community development. Similarly, Tim Hanlon, vice president of corporate community development and head of the foundation, also has been instrumental in providing support to LISC efforts.
- Wells Fargo executives share their expertise through membership on local advisory committees of three LISC California program sites: vice president Mel Carriere is on the LISC San Francisco LAC; regional vice president Phyllis Klein is on the LISC Los Angeles LAC; and vice president for community development Robert Taylor is chair of the LISC San Diego LAC.
- Mr. Taylor recently encouraged Wells Fargo to make a long-term \$1,000,000 zero percent loan (for the first 5 years; then a nominal 2% rate for the next 10 years) to the Phoenix LISC program.

- In addition to Wells Fargo presence on these California LACs, and the Houston and Las Vegas LACs mentioned earlier, Wells Fargo executives also serve on LISC local advisory committees in the Puget Sound area and in Phoenix, as well as the Rural LISC program's LAC.
- Norwest has been a supporter of the LISC Duluth, Minnesota, program since the program's inception in 1997, having contributed to the program's original assessment and then having been one of the first five program funders.
- Norwest has worked with LISC on the development of housing programs and neighborhood strategies. Currently, Norwest is serving on LISC's Employer Assisted Home Ownership Task Force, and is working with LISC in developing a new Single Family Purchase Rehab Program.
- Also, Norwest has been involved with the Board of the Duluth Housing Trust Fund, Inc.; and has administered a locally held \$4

million mortgage program that provides relaxed underwriting to help low income families gain home ownership (known as the CAMP program).

- In addition to housing, Norwest also has administered two loan funds through Lutheran Social Services which provide low-interest loans and credit to low-income households or to those who are working to move from welfare-to-work.

These are just a few examples of the active involvement Norwest and Wells Fargo have in LISC areas of community development. I hope this information is helpful, and I appreciate the opportunity to report on LISC and NEF's relationship with these banks.

NORWEST PUBLIC HEARING

I want to thank the Board of Governors for the opportunity to speak today. Atlantis Community Incorporated is a twenty-three-old Colorado not for profit corporation providing services to people with disabilities in Metropolitan Denver and when necessary throughout Colorado. Atlantis' services include: home health, housing, benefits advocacy, independent living skills training, basic education, and a home ownership counseling and education program. Atlantis is recognized nationally for its' work in disability rights and for creating new and innovative programs.

In nineteen ninety-two Atlantis Community Incorporated brought to Norwest Bank a unique concept that became the first home mortgage program for people with disabilities in America. In conjunction with Atlantis, Norwest created the Disability Community Home Mortgage Program (DCHOP). The DCHOP home mortgage program for people with disabilities was the first to offer an opportunity to participate in the American Dream, home ownership. Norwest at Atlantis' direction developed a program that accepts alternative incomes such as; Social Security, Food Stamps, Tax Credits, and more. Higher debt to income ratios play a large part in the success of the program as well as reduced closing costs and only a two percent down payment.

The American Dream of owning your own home was just that, a dream for people with disabilities until Norwest introduced the DCHOP Program in nineteen ninety-three. Prior to the DCHOP Program people with disabilities and/or their families only choice was to rent an apartment or someone else's home. That apartment or home was most likely inaccessible too. With a population that is eighty percent unemployed and living on a fixed income from Social Security of seven hundred dollars a month or less had little chance to even dream of home ownership. The DCHOP Program offers more than just a dream, it offers but does not guarantee the reality of home ownership. People with disabilities still must qualify for home loans just as everyone else must. Norwest simply leveled the playing field.

Norwest's bold move to create the Disability Community Home Ownership Program when no other lending institution had the courage to take the first step must be applauded. Had not, Norwest taken that step people with disabilities still today would be excluded from the American Dream. Those first steps designed a program that proved to people with disabilities could be home owners without high foreclosure rates and without high delinquency rates using alternative using alternative forms of credit. The DCHOP Program encouraged US Banks' Disability Advantage Program because another lending institution had taken the initial risk.

Norwest success with the DCHOP Program brought Fannie Mae to Denver to learn about and to study its' workings. From that visit came Fannie Mae's Home Choice Program, sixteen states, fifty-million -dollar pilot program modeled after the DCHOP Program. Fannie Mae's pilot project and US Bank Disability Home Advantage Program validate Norwest's wisdom in nineteen ninety-two.

After five years of providing home ownership counseling and education to people with disabilities I have realized that these potential home buyers have the ability and the desire to be home owners. Atlantis' Home Ownership Program aspires to increase awareness and availability of home ownership opportunities for people with disabilities. Atlantis' commitment is to assist potential buyers in understanding the complex process by providing them with the information that along with their own determination will prepare them to become responsible home owners and improve their quality of life. My goal is to see people feel confident about the home buying process and comfortable as a homeowners armed with the knowledge and empowered to make important decisions to undertake the responsibility of home ownership. I personally believe in home ownership counseling/education partnered with the DCHOP Program Atlantis and Norwest have pioneered home ownership for individuals with disabilities.

It is Atlantis' hope that with the merger of Norwest and Wells Fargo that the commitment to the DCHOP Program not only continue but the size of the program increase to reflect the size of the merger. To date, Norwest has provided nine hundred and fifty-five mortgages to people with disabilities and/or families in Colorado valued in excess of sixty-four million dollars. Norwest has made it possible for people with disabilities to dream the impossible dream...

HOME OWNERSHIP!!!

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CPCC Brief

Chicanos Por La Causa, Inc. has had an extensive partnership with Wells Fargo Bank and Norwest Bank. As a member of Norwest Banks Minority Advisory Council, we have provided input and set goals with ^{John Campbell and} top management on a number of key factors that affect our communities in Arizona. These include mortgages, affordable housing, small business lending, minority contracting/vendors. Our small business and SBA micro loan programs have received

loan loss reserve funds from Norwest Bank and Wells

Fargo Bank, which has helped us lend over

\$2,000,000 to over 200 small businesses in Arizona *in three years.*

Norwest's \$100,000 deposit and Wells Fargo's

\$100,000 deposit in Chicanos Por La Causa, Inc.'s

Federal Credit Union has enabled us to lend over \$1.7

million to 1600 members of our Credit Union, most of

which are first time borrowers and mono-lingual

Spanish speaking. Norwest's and Wells Fargo's

investment in CPLC's small business incubator has

started the opportunity for small businesses in South Central Phoenix to access affordable work space. A second business incubator in Phoenix is under construction and a rural small business incubator will go to construction in Nogales, Arizona in early 1999.

Other investments/grants have targeted our special events and organizational capacity building in Phoenix and Tucson. Our affordable housing programs in Somerton, Nogales, Tucson, South Tucson, Guadalupe and Phoenix have also benefited

via mortgages, write downs for closing cost, and funds

to make housing affordable. Investment of Norwest

Dino Canney Norwest

staff as board members on our organization and our

subsidiary boards also contributes to a sound non-

profit sector.

Alvaro Morado

Eduardo Hidalgo

Karen Wegmann

Our expanding partnership with Wells Fargo

Bank has also been rewarding and in many instances

very creative and challenging. Our purchase of the

Wells Fargo Branch in South Central Phoenix enabled

able our Federal Credit Union's space ,

maintain Wells Fargo's presence in the Grant Park area and provide small business incubator space for minority entrepreneurs. Wells Fargo bank's investment of \$1,250,000 at 0% interest for 5 years, with ten additional years at 2% is beyond the cutting edge. This investment expands our ability to lend to micro borrowers, creates a "venture capital pool", a revolving line for new housing construction in Tucson(for our for-profit construction company/subsidiary) enables us to leverage \$600,000

to build a new office building in Tucson and pay off
an office complex mortgage in a small rural town in
southwest Arizona that leases office space to the State
of Arizona. Funding of special projects and
community celebrations has made Wells Fargo a new
power in the Arizona bank market. Grants to
organizations involved in small business lending,
social work, and arts, round out a true concept of
partnering in our communities, not just taking our
deposits. We would point to their exemplary record,

staff involvement and outreach on how community
reinvestment is truly done in America. Management
of both the institutions still need to work on board
membership, upper level executives are still lacking
but through our on-going efforts these are problems
we can solve together. Branching duplication can be
solved through partnerships with non-profits to benefit
the total community as was my first example with the
Wells Fargo Branch in South Central Phoenix. Our
community meetings with citizens, organizations and

community leaders and the upcoming follow-up meetings statewide leaves us with very strong indicators that more progress will occur with the merged institution and we encourage your positive confirmation of this merger and invite you to visit and see community reinvestment at work in Arizona.

Thank you.