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Bank of America

(from 11/20 meeting)
BT

James S. Wagele
Vice President

Corporate Community Development #3246

November 19, 1991

Mr. Jim Bleisner
City/County Reinvestment Taskforce
1600 Pacific Highway, MS A-6
San Diego, CA 92111-3694

Dear Jim:

Enclosed is our draft CRA program for San Diego County.

I have spent considerable time cross-referencing your document to ensure that the issues and suggestions contained in it are addressed to the extent we can do so. I have included a cross-reference in the left-hand margin to sections of your document. As a general formatting scheme, we have used Section II of the document to describe our overall program, and Section III to describe how that program relates specifically to San Diego. If there are any items you feel I may have missed, or regarding which you have questions, we hope you will raise them at our meeting.

The activities in this document refer to the activities of Bank of America National Trust and Savings Association "Bank of America" (the name of the single institution to be created by merger of the existing Bank of America National Trust and Savings Association and Security Pacific National Bank). Bank of America State Bank, the community development arm of BankAmerica Corporation for specialized lending programs, is also referred to in this document.

We look forward to meeting with you on November 22 to discuss this draft plan, and we hope we can come to agreement on its contents.

Sincerely,

cc: D. Mullane
M. Mantle
J. Velez

Bank of America National Trust and Savings Association
Box 37000 San Francisco, California 94137 415/953-3179

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BankAmerica's Community Reinvestment Act Plan
San Diego County
November 1991

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I. INTRODUCTION

Described below are the elements of a San Diego - specific Community Reinvestment Act Plan for Bank of America National Trust and Savings Association both before and after its merger with Security Pacific National Bank.* This plan is intended to meet the intent of the City of San Diego's Council Policy #900-9.

We believe the request of the City and the County of San Diego and their various constituents for a description of BankAmerica's planned CRA activities, as they address the City's and County's needs, is a sincere attempt to enhance the availability of credit for lower-income and ethnic communities in the San Diego area.

BankAmerica has developed this plan based on many interactions with representatives of various constituents over the years. We particularly recognize the work of the groups convened by the City of San Diego and City/County Reinvestment Taskforce in providing us with valuable input for this plan.

We hope that the City and County and its various constituents will recognize that Bank of America, as a statewide financial institution, by its nature brings a different set of resources than local institutions, and that there is a strong value to these. We also hope they will recognize that as an institution with a single but diverse delineated community, the State of California, for CRA purposes, we must provide a consistent approach to CRA activities. While this may mean less flexibility in some ways, it also means the availability of specialized skills, economies of scale, and the ability to do larger transactions that smaller, locally-headquartered institutions cannot provide. We believe our programs and activities add significant value to the role financial institutions as a group play in the San Diego Community.

We also hope the City and County and their various constituents will recognize that setting San Diego-specific dollar goals for lending programs presents us difficulty. Based on discussions with community groups and coalitions of groups throughout the state, we set dollar goals for our single community, the State of California. It is administratively difficult to subdivide and monitor these goals for the many localities that wish us to set individualized goals. Even more important, subdivision of the goals works against our ability to focus our resources on needs and take advantage of opportunities where they are the greatest. Our experience has shown that there are many variables in assessing community credit needs -- market conditions, specific needs in different areas, the capacity of nonprofits to support projects, to name a few. We believe an effective statewide CRA program must have the flexibility to allocate resources as these different needs shift and evolve.

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*For sake of clarity, we refer herin to the pre-merger bank as "Bank of America NT&SA" and the post-merger bank as "Bank of America."

This CRA program proposed for San Diego County rests on two fundamental commitments: a) a CRA lending goal for the merged bank of $12 billion over 10 years, a significant portion of which will be available for San Diego area credit needs, and b) our intent to enter into a regularly scheduled, good faith dialogue with representatives from the City and County of San Diego and representatives from community organizations to mutually assess community credit needs and determine how Bank of America might best help meet them.

We look forward to meeting with representatives of the City and County and their various constituents on a regular basis to discuss our CRA performance and evaluate community credit needs as they evolve in the San Diego area.

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II. BANKAMERICA'S CRA PROGRAM - GENERAL

A. Statewide Approach to Local Needs. For more than 50 years, Bank of America NT&SA has serviced the same geographic area by providing a single but broad offering of products and services that meet the needs of California residents. Since passage of the Community Reinvestment Act, Bank of America NT&SA has conducted a formal needs assessment process which covers all of the more than 800 neighborhoods and cities within our community. Although some localities believe their credit needs may be unique, there are, in fact, strong commonalities among local needs across the State. Bank of America NT&SA strives to identify those commonalities and to address needs throughout its community in an efficient and effective manner consistent with the safe and sound practices mandated by the Community Reinvestment Act. Ongoing review of our programs, based on the needs assessment process, has allowed us to modify our lending programs to increase their responsiveness to local needs. While underwriting standards are not specifically discussed in this document, we review them on an ongoing basis as part of the process described above. Bank of America NT&SA does recognize that not all needs can be met by its offering of products just as any one bank cannot be expected to meet all needs of its community.

To assist communities that seek to address specific important local problems and needs, BankAmerica created a new entity, Bank of America State Bank, that specializes in tailored community development lending through participation in federal, state, local, and philanthropic programs.

B. Accountability. The Office of the Comptroller of the Currency "OCC" is the primary federal regulatory agency for Bank of America NT&SA and will be for Bank of America. As such, it is the government agency responsible for reviewing, rating, and enforcing our CRA performance within our delineated community, including San Diego County. The Federal Reserve Board takes into consideration the CRA performance of BankAmerica Corporation subsidiaries, including Bank of America NT&SA, when reviewing certain applications submitted by the Corporation.

We view the City and County of San Diego and their various constituents as partners helping us to determine local credit needs, providing comments and input on our CRA program, and in many cases helping us to meet local credit needs.

C. CRA Program Goal. Bank of America, along with other banking subsidiaries of BankAmerica, has a goal of achieving and maintaining an "outstanding" rating for CRA performance. It currently has a rating of "outstanding." Bank of America State Bank, the Bank's community development affiliate, also has a rating of "outstandint" from its regulatory agency, the Federal Deposit Insurance Corporation (FDIC).

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D. Delineated Community. Bank of America NT&SA has a single delineated community, the entire State of California. Bank of America NT&SA serves California through its branches located in over 800 neighborhoods and cities. An important value Bank of America NT&SA brings to each of these neighborhoods and communities is the ability to provide resources and specialized expertise for local needs that local institutions may not have the capacity to provide.

We will continue to strive to distribute our resources equitably throughout our delineated community, but our ability to do so is affected by competitive factors, the availability of resources, local capacity, and local economic conditions. Further, we will take affirmative steps to distribute credit, help build capacity, and create partnerships where there is both a need and a local willingness to make that happen.

E. Existing CRA Goals. In order to maintain its rating of "outstanding" in CRA performance, Bank of America NT&SA has in place a plan for its entire CRA community. This plan is "localized" through internal goals for operating units conducting CRA activities for geographic areas throughout the community.

As part of its existing CRA Plan, Bank of America NT&SA is working against a 10-year $5 billion goal for specialized CRA lending. This current goal includes on average annually:

- $400 million in home loans in low income census tracts
- $50 million in loans for development of low- and very low-income housing
- $40 million in SBA and other government-guaranteed small business lending
- $8 million in consumer loans to low-income consumers using the B·A·S·I·C program

F. Post-Merger CRA Goals. BankAmerica is in the process of developing a comprehensive CRA program for the institution following its merger with Security Pacific Corporation for activities throughout its local communities. The program lending goals have already been announced.

The increased 10-year goal for the new BankAmerica following the merger is:

California	$ 8,000,000,000
All Other States	4,000,000,000
Total	12,000,000,000

The new long-term goal is 33% larger than the combined existing goals of BankAmerica and Security Pacific Corporation. The long-term goal translates to an average annual goal of $1.2 billion. The average annual goal will consist of the following significant CRA activities, which are clearly measurable:

- Home loans. $750 million on average annually for loans in low-income census tracts and special affordability programs for lower income and minority borrowers, and government-guaranteed or insured loan programs, home improvement or rehabilitation loans utilizing public sector programs.

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- Low Income Housing. $150 million on average annually for development and long-term financing of low-income housing.

- Special Small Business Programs. $100 million on average annually for government-guaranteed and other special programs for small and micro business and for commercial improvement or development, including both direct and indirect.

- Conventional Small Business. $200 million on average annually for conventional small business loans under $50,000.

- Consumer Loans for Lower-Income Households. $12 million on average annually under the B·A·S·I·C program, which includes personal, auto, home equity, home improvement, and mobile home loans that are available on modified underwriting standards and terms.

As new special programs are developed to address the needs of low and very low income residents, small and micro businesses, and minority businesses -- addressing recognized priority needs under CRA -- loan originations under those programs will also be counted under the new 10-year goal.

Loan originations achieved under conventional lending programs of importance under CRA (other than described above) will not be counted under the 10-year goal. These originations will be separately reported. Examples are conventional small business lending (loans between $50,000 and $500,000), government-guaranteed student loans, and financing for government entities.

In order to accomplish the overall CRA goals the new BankAmerica has set for itself, CRA-specific targets within those goals will be set based on communication with community representatives regarding the nature of credit needs, ways to meet those needs, and performance in meeting the needs.

III. BANK OF AMERICA'S CRA PROGRAM AND SAN DIEGO COUNTY

Bank of America NT&SA's CRA Program relates to San Diego County as follows:

A. Delineated Community. San Diego is a significant portion of Bank of America NT&SA's single delineated community. Bank of America NT&SA intends to continue the full range of banking services to the entire community, notwithstanding mergers, consolidations, acquisitions, headquarters location, and opening and closing of branches.

B. Ascertaining Community Credit Needs. Bank of America NT&SA maintains, and will continue to maintain, an active program for ascertaining community credit needs. The cornerstone of this program is an annual Needs Assessment Calling Program conducted by two CRA Calling Teams covering San Diego County. In 1989, these teams made 82

calls and in 1990 they made 63 calls. For the year 1991, through October, 84 calls were made. See Exhibit 1 for a list of organizations called on. These calls have resulted in a description of credit needs for each of the Calling Team's respective geographic areas, which in turn feed into the description of the needs in Bank of America NT&SA's entire local community. Beginning in 1990, combined Needs Assessment and Marketing Calls were made by Bank of America State Bank officers and their input has helped identify San Diego County credit needs. Their calls (1990 and 1991 year-to-date) are also included in Exhibit 1.

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The needs assessment program for the merged institutions in San Diego County will consist of the following elements:

- Continued calls made by Calling Teams. Bank of America NT&SA maintains internal goals for its call program, and the goals for the merged institution will be at least as large as existed prior to the merger.

- Continued calls by Bank of America State Bank officers.

- Review of any special needs assessments, including those completed by the Federal Reserve Bank, SEDC, and the City or other public entity.

- Regular meetings with the representatives described later in this document in Section III (M).

- A written description of needs ascertained to guide our marketing and credit delivery activities.

C. Marketing and Outreach Calls. Bank of America NT&SA maintains, and will continue to maintain, an active program for marketing and outreach calls for CRA-related products, programs, and involvement. After the merger, these calls, conducted by branch officers throughout San Diego County, will continue at a level at least as high as existed prior to the merger. In 1989, 302 calls were made in San Diego County. In 1990, 617 calls were made. In 1991, 298 calls were made through July 31. Internal goals for the number of calls are set annually on a consistent basis throughout the entire delineated community. Included in these types of calls are:

- Any call on a community group, business association, local government agency, or church to provide information about the Bank's CRA-related lending programs.

- Any marketing in low- or moderate-income neighborhoods.

- Marketing to realtors of Neighborhood Advantage loans, Federal Housing Administration/Veterans Administration (FHA/VA) loans, State Teacher's Retirement System (STRS), or other programs offering affordable home loans.

- Student loan outreach at high schools.

- Attendance at a small business fair.

- Attendance at a regularly scheduled meeting of a board or committee related to CRA.

D. Local Staffing for Community Development. Through Bank of America State Bank, which has primary responsibility for BankAmerica's specialized community development lending activities, two local officers, whose responsibility is to understand and meet community development needs in San Diego County, will continue to be domiciled in San Diego. One will have responsibility for financing the development of housing affordable to low- and very low income households. The other is responsible for government guaranteed and other public/private partnership small business and MBE/WBE credit programs. Internal production goals are set for both officers.

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E. Development of Housing Affordable to Low- and Very Low-Income Households. Bank of America NT&SA currently has an annual goal of $50 million in credit extended throughout its entire local community. The average annual goal for the post-merger Bank of America is $100 million throughout California. Internal goals are set for the affordable housing specialists throughout the system, including the one in San Diego. Using the $100 million goal as a reference, Bank of America and Bank of America State Bank will strive to originate loans in the City and County of San Diego at a level commeasurate with the size and level of needs in the City and County relative to our total local community. However, our ability to do so will depend on, among other things, competitive factors, availability of public sector and charitable support for local projects and local capacity to develop low- and very low income housing. Another factor is the long lead times required for many deals to come to fruition.

For this type of financing, we tailor our underwriting to meet the specifics of each transaction.

Programs currently offered by Bank of America State Bank and Bank of America NT&SA in San Diego County include:

- Construction and rehabilitation loans for new and rehabilitated units of low- and very low-income housing.
- Resident motivated mobilehome park conversions.
- Site and acquisition financing for nonprofit developers of low-income housing projects.
- Government-assisted loan placements such as HUD- and Fannie Mae-insured mortgages.
- Participation in long-term financing provided by the California Community Reinvestment Corporation.

As of the time of writing, our activity in San Diego County during 1990 and 1991 has resulted in the following:

- In 1990, a $4,000,000 loan closed for resident purchase of a 143 space mobilehome park in Vista. $2,993,000 of the loan amount was allocated to low- and very low-income units.
- In 1990, we also issued a $3,000,000 construction loan commitment for a 68-unit project in southeast San Diego. 20% of the units would have been for low-income.

- Also in 1990, an $80,000 loan to Casa Familiar in San Ysidro was closed with all funds allocated for low-income housing.

- In 1991, a $4,078,000 loan for a multi-unit rental property in National City was closed. Of this amount, $3,842,000 was allocated to very low-income units and $236,000 was allocated to low-income units.

- During 1991, we have made commitments to finance the following projects:

  - $1,035,000 loan for a multi-unit rental property in Escondido. Project is 100% low- and very low-income units.

  - $12,800,000 interim loan and placement of a government-assisted loan in the City of San Diego. $10,080,000 is allocated to low- and very low-income units.

  - $1,970,000 loan for a multi-unit rental property in Escondido with $1,655,000 allocated to low- and very low-income units.

  - $19,200,000 interim loan and placement of a government-assisted loan for a multi-unit rental project in the City of San Diego. $14,016,000 is allocated to low- and very low-income units.

  - Participation in a long-term loan granted by the California Community Reinvestment Corporation for an SRO hotel in the City of San Diego was $946,000.

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Note that the relatively low level of activity in 1990 reflects the 1990 start-up of our program and the long lead times for projects to come to fruition.

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F. Residential Lending. Bank of America NT&SA provides residential lending throughout San Diego County.

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1. In Low-Income Census Tracts. Bank of America NT&SA has increased significantly the number of residential purchase loans in San Diego County's low-income census tracts. In 1989, it made 63 loans totaling $102 million. In 1980, the number rose to 239 loans totaling $35.6 million. Beginning with calendar year 1989, Bank of America NT&SA has maintained specific internal lending goals for San Diego's low-income census tracts. Going forward, Bank of America NT&SA and the post-merger Bank of America will continue to maintain specific internal goals for residential lending in low-income census tracts in San Diego County.

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In March, 1990, Bank of America NT&SA introduced a new product, Neighborhood Advantage, whose purpose was to increase the availability of residential loans for properties in low-income (median income 80% or less of MSA median) census tracts and to increase access for lower-income applicants. This program targets approximately 120 census tracts in San Diego County. To increase the affordability of home ownership, this program allows debt-to-income ratios as high as 40/45 percent and waives the standard cash reserve at closing requirement (typically two months' mortgage payments). The program applies to both fixed and variable rate loans up to 95% of the purchase price financed.

IVA1h1

there is no minimum loan size and applicants will not be disqualified due to lack of a credit bureau history provided they can demonstrate an ability and willingness to repay obligations through other verifiable records such as rent receipts, utility payments, and savings records.

2. To Minority Borrowers. In August 1990, Bank of America NT&SA retained a private consultant to conduct an analysis of its 1989 Home Mortgage Disclosure Act Report. The consultant finished the analysis in October 1990. As a result, Bank of America NT&SA initiated a number of steps to increase the level of applications from minority applicants and the number of approvals for minority applicants.

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These steps include:

- Creation of a new review process for real estate loan applications involving minority applicants and/or applicants in lower-income census tracts. If the original underwriter in the Residential Loan Center "RLC" does not approve the application, it is passed to a senior officer at the RLC for another review. If a decline is recommended at that level, it is forwarded to corporate underwriting officers at the San Francisco headquarters. Bank of America NT&SA has allocated a special $30 million fund for loans of this type that do not meet even the liberalized underwriting guidelines of Neighborhood Advantage, the home loan program for low-income areas. This review process is helping Bank of America NT&SA become more aware of why the loans are not approved at the field level, enabling it to take steps where appropriate to modify the credit review process.

- Creation of a new production staff to focus exclusively on originating home loans to low-income and minority customers through realty channels, in addition to originations through branches and wholesale mortgage brokers.

- Increasing financial incentives for loan officers to make creditworthy loans in lower-income areas.

- Modifying Neighborhood Advantage to allow down payments as low as five percent on selected loans for property in lower-income areas and, for a limited time, waiver of non-recurring closing costs and fee reductions on fixed rate loans in lower-income areas.

- Development of affirmative marketing programs, including Spanish-language advertising and bilingual services at selected branches and future plans to target marketing to other minority communities.

- Increased recruitment of minority loan officers.

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The steps described above apply to San Diego County. The 3-tier review process has been implemented and will remain in place until we are satisfied the third level is no longer needed. We have implemented the Spanish language marketing program in San Diego County and will continue it. We expect the African American advertising campaign to be implemented in San Diego County during early 1992.

We will also continue to strive to increase the level of applications from, and approvals for, minority applicants. Our ability to do so will be affected by a range of factors including competition, socio-economic factors beyond our control, and active support by local community organizations in assisting us to create grass roots awareness of our programs.

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3. Government Programs. Bank of America NT&SA will continue to offer FHA and VA home loans in San Diego County.

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4. Programs Under Development. During 1992, we will be developing and expect to implement an income-based affordable lending program in addition to the geographic-based Neighborhood Advantage Program. With this program, applicants with incomes below a certain level (yet to be determined) will have available special product features. This product when introduced will be available throughout San Diego County.

   During 1992, we also expect to complete development of a program that will allow linking our special programs described above to local programs such as down payment assistance programs. Once this program is developed it will be available for San Diego County. Because use of the program will require linking local programs with our programs, we expect to be in contact with local officials regarding this program in 1992.

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5. Acquisition and Rehabilitation Program. We will continue to work with local government and community groups (including those in San Diego) to determine the feasibility of a program. The major difficulty with an acquisition/rehabilitation program is administration of the rehabilitation phase of disbursements. We would consider seeking public and/or nonprofit partners with the capacity to administer a rehab program.

IVB

G. Consumer Loans and Lines of Credit. Bank of America NT&SA and Bank of America will continue to offer in San Diego County a broad range of fixed and variable rate consumer lending products including loans and lines of credit. Of special note for purposes of this document are:

1. The B·A·S·I·C Program. This program is available only to households that earn 80% of less of the area median income as calculated by the United States Department of Housing and Urban Development. For San Diego County residents, we use these income calculations as reported for San Diego County by the State Department of Housing and Community Development.

   The program makes available auto loans, personal loans, manufactured housing (mobilehome) purchase loans, and home equity loans, including home improvement purpose loans. The B·A·S·I·C program allows longer maturities than available with conventional loans in order to reduce monthly payment amounts. Minimum loans sizes are smaller than for conventional products, e.g., the minimum loan size for a personal loan is $1,000 instead of $2,500. Applicants will not be disqualified due to a lack of a credit bureau history provided they can demonstrate an ability and willingness to repay obligations through other verifiable records such as rent receipts and utility bills.

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2. Home Improvement. Personal and home equity loans and lines of credit may be obtained for home improvement purposes. Of special note, the B·A·S·I·C program (described above) home equity loan provides home equity and personal loans for home improvement purposes. During 1990, 188 home improvement purpose loans and lines of credit were extended in San Diego County low income census tracts.

3. Participation in Local Government Programs. Following the merger, we will have the capacity to participate in local government programs that leverage federal and local funds for home improvement or rehabilitation purposes. At that time, we would welcome discussions with the County of San Diego, the City of San Diego, and other municipalities within the County regarding our participation in such programs.

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H. Small Business and Economic Development

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1. Goals. As described above, BankAmerica has set as a goal of average annual originations totaling $200 million of conventional small business loans of less than $50,000. It has also set a goal of at least $100 million on average annually in government guaranteed and other special programs for small and micro businesses. These goals apply to the delineated communities of BankAmerica subsidiaries throughout the western states. Approximately, two-thirds of the goals will be allocated to California. Using these goals as a reference, Bank of America NT&SA, prior to the merger, and Bank of America, following the merger, along with Bank of America State Bank will strive, on an ongoing basis, to originate loans in San Diego County at a level commeasurate with the size of and level of needs in San Diego City and County relative to our total local community. However, our ability to do so will depend on competitive factors, availability of public sector and charitable support for local programs, and other factors beyond our control.

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2. Programs. The guidelines and parameters of the program for conventional small business loans $50,000 or less will initially be established during 1992. Participation in government guaranteed programs and other special programs is the responsibility of Bank of America State Bank. As noted above, Bank of America State Bank has a small business specialist domiciled in the City of San Diego. Bank of America State Bank currently participates in the SBA 7A and 504 programs, the State of California Guaranty Program, and Farmers Home Small Business and community facility programs. We will continue to strive to originate as high a proportion as we can of loans to minority-owned and women-owned businesses and businesses owned by low- and moderate-income individuals and benefitting low- and moderate-income neighborhoods. Special programs for commercial rehabilitation are most effective if they leverage public funds for interest rate subsidy or risk reduction. Bank of America NT&SA offers participation in such programs, and Bank of America will continue to do so in San Diego County and elsewhere in California. It should be noted, however, that the City of San Diego is currently under contract with another bank for such services.

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3. Marketing of Special Programs. Bank of America State Bank's staff has been established, and will continue to foster relationships with CDC Small Business Finance Corporation, California Southern Small Business Community Development Corporation, South East Development Corporation "SEDC", and other appropriate nonprofits and local government agencies. Bank of America State Bank will market its small business lending activities through calls on these and other appropriate organizations, participation in lender fairs, and other similar activities. We expect to develop printed materials to be used on calls during 1992. Because Bank of America State Bank participates in special credit programs sponsored by local organizations, the marketing of these programs to individual users is primarily the responsibility of the agencies with which we work. Where we see a strong value, we will use contribution funds to support these marketing activities. This will be a continuation of 1991 activity where we provided SEDC a $10,000 contribution to fund the marketing component of its small business revolving loan fund, and the $2,000 contribution we made to be a sponsor of and participant in SEDC's lenders' fair in November.

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4. Bankers Small Business Community Development Corporation of San Diego County. We are continuing to review this proposal. Its potential use as a pilot for a program we can use throughout our entire local community potentially enhances its attractiveness to us.

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I. Use of Charitable Funds. BankAmerica's philanthropic arm, BankAmerica Foundation, will continue to use contributions and grants to enhance its CRA program. Grants and contributions to support nonprofits active in housing and economic development are relevant to CRA. We will allocate an amount equal to 10% of BankAmerica Foundation's budget or $1 million, whichever is greater, to support these activities within the delineated communities of BankAmerica's banking subsidiaries. Using this allocation as a reference, we will continue to provide, on an ongoing basis, charitable support to housing and economic development nonprofits providing services to San Diego County at a level commeasurate with the size of and level of need in San Diego City and County relative to our total local community.

During 1990 and 1991, we have pursued a strategy of building capacity within San Diego nonprofits involved in the production of low- and very low-income housing. During this period, examples of our support include a $100,000 commitment needed to help bring Local Initiatives Support Corporation "LISC" to San Diego. We also provide LISC, the California Housing Partnership, and the San Diego Housing Federation free office space, furniture, and equipment on an on-going basis. During 1990 and 1991, we helped sponsor four San Diego County nonprofit staff persons as National Interns at the Development Training Institute in Baltimore to enhance housing development skills.

We use written guidelines for support of housing and economic development. Currently, our areas of interest are capacity-building, project support, and support for organizations dedicated to increasing resources available to community-based development organizations. We will continue to use written guidelines, and a copy of the current guidelines is attached as Exhibit 2.

IVD1

J. Participation in Nonprofit and Government Agency Housing, Redevelopment, Revitalization, and Economic Development Projects. Bank of America NT&SA and Bank of America, along with Bank of America State Bank, will actively work with local government agencies to develop and will give special consideration to financial participation in public/private partnership projects including redevelopment projects, industrial development bonds and other government guarantee and junior lien financing programs.

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Religious organizations with demonstrated capacity are considered eligible nonprofit partners in housing and economic development programs and projects.

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IVG2

K. Branch Consolidations. We recognize the importance of a branch presence in meeting our communities' financial service needs. To that end, recognizing that some branch divestitures may be mandated by anti-trust considerations, we will use the following parameters as we identify branches for consolidation.

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- We will maintain or enhance the existing level of service. No new underserved areas in lower-income markets will be created by the closure of a Bank of America branch.

- If a Bank of America branch is the only provider of financial services in a lower-income community, it will not be closed.

- When branches are consolidated, we will retain and transfer all customer records and account histories to the new branch.

- We will provide a minimum 120-day notice of branch closures in lower-income census tracts.

- We will consider transferring surplus sites (including donations) to community-based, nonprofit economic development organizations on a case-by-case basis, depending on such factors as ownership status, lease requirements, and market conditions.

- As staff size is affected by consolidations, we will ensure that women and minority employees are not disproportionately affected. Efforts to increase the employment of women and minorities throughout the corporation will continue.

IVB2

L. Low-Cost Checking and Other Banking Services. Bank of America NT&SA's Limited Checking Account was designed to meet the needs of lower-income customers. For $3.50 a month, no minimum balance, and a minimum opening deposit of only $25, customers have full access to our services. Not only do they have a checking account, but they receive a VERSATEL card, the ability to cash checks, withdraw funds, and make deposits at any branch. A full product description of Limited Checking is attached as Exhibit 3. Following the merger, Bank of America anticipates increasing the number of checks honored without charge each month from 8 to 10.

IVB4b

Bank of America NT&SA offers free check cashing to all depositors. We will continue to charge market rates for cashing checks for non-customers. We believe that promoting banking relationships is in the best interest of our community, including San Diego County, and that the low cost of Limited Checking makes it affordable to everyone.

IVB4a We are willing to discuss with appropriate public officials, and to seriously consider, a program for direct deposit of public assistance checks.

VIB M. Training. Bank of America will provide training to its staff sufficient for the successful carrying out our CRA plan. DRAFT

V N. Regular Meetings. Bank of America NT&SA and Bank of America, as well as Bank of America State Bank, welcome the opportunity to meet regularly with a committee of representatives of the San Diego City and County agencies, including nonprofits and religious organizations, to discuss in good faith our progress toward meeting local credit needs. We will provide this committee with publicly available information regarding performance in San Diego County. Continuing good faith between BankAmerica and the community is essential for an effective communication process. We will accept in good faith comments and suggestions from the committee as input regarding the program and its various aspects. We recognize there may be issues on which we do not initially agree, and we are willing to continue discussions on these issues.

O. Staff Involvement. We will continue to involve our staff in housing and economic development programs and organizations. Currently, staff are involved on boards or committees connected with LISC, SEDC, and the San Diego Community Foundation, and the director of CDC Small Business Finance Corporation is a member of Bank of America State Bank's advisory board.

IVC5 VIA IVA3g IVA4h P. Contact Persons. Contact persons for questions or potential applications are subject to change. A current listing will be provided to you by December 31, 1991 and will be updated at the time of each meeting described above.

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