June 11, 1998

Ms. Catherine Bessant
President
Community Investment Group
NationsBank
NationsBank Corporate Center
100 North Tryon Street
Charlotte, North Carolina 28225

Re: Proposed NationsBank/Bank of America Merger

Dear Ms. Bessant:

Woodstock Institute is a 25 year old organization that provides technical assistance and conducts research related to community reinvestment and economic development in lower-income communities. The Institute is also convenor of the Chicago CRA Coalition, a group of community development organizations from across the Chicago area.

The Institute and other members of the Coalition have significant concerns about the NationsBank/Bank of America merger, especially regarding its implications for lower-income and minority communities in Chicago and elsewhere. Specifically, we share some of the concerns raised by the Community Reinvestment Association of North Carolina and the California Reinvestment Committee, including the activities of NationsBank subprime lending subsidiaries. The unprecedented size of this merger provides ample justification for extended public scrutiny. Therefore, we are urging the Federal Reserve to extend its public comment period substantially and to hold public hearings on the merger in multiple locations, including North Carolina, California, and Chicago.

We also have concerns regarding NationsBank's community reinvestment plans for the Chicago area. We want to work with NationsBank on community development issues in Chicago and are requesting that the bank commit to maintain and increase current levels of Bank of America's community development lending and qualified investments, including charitable contributions, in Cook County, Illinois. (Bank of America is not a source of a significant amount of conventional residential or small business lending or services in the Chicago area.) In addition, we are concerned that the nature of such lending, investments, and grants serve critical community development needs in the region.

Bank of America staff supplied the Chicago CRA Coalition with an accounting of recent activity in community development lending, qualified investments, and community

development grants. We have also reviewed Bank of America's recent CRA public evaluation. After reviewing these data, we request that NationsBank commit to:

1) Increase the dollar amount of community development loan originations made by Bank of America in Cook County from 1995 through 1997 by 20 percent for the period of 1999-2001 and by 40 percent for the period of 2002-2004. Increases in community development loans made at an interest rate below prime rate should match overall increases.

2) Increase the dollar amount of qualified investments (excluding grants) made by Bank of America in Cook County from 1995 through 1997 by 20 percent for the period of 1999-2001 and by 40 percent for the period of 2002-2004. Increases in below-prime investments should match overall increases. Of particular need are permanent equity grants for CDFIs to allow them to develop new markets.

3) Increase the dollar amount of community development grants by 10 percent each year over the 1997 level during the period 1999-2004. (Bank of America's 1997 figures show $2,038,400 in grants for community economic development, housing, education/youth, and health/human services in Cook County.)

We look forward to working with NationsBank on maintaining and strengthening the role that Bank America has played in community development in the Chicago area. We expect that NationsBank will view the reinvestment needs that we have outlined as critical opportunities in an important market. Please feel free to call me at 312-427-8070 to discuss our concerns in more detail.

Sincerely,

Malcolm Bush
President

cc: Jennifer J. Johnson, Federal Reserve Board of Governors
Fred Bagwell, Vice President, Federal Reserve Bank of Richmond
Hugh McColl, Nationsbank
Don Mullane, Bank of America
Frances Grossman, Bank of America
Marva Williams, Chicago CRA Coalition, c/o Woodstock Institute