MARKETING OF HOME CREDIT OPPORTUNITIES

Calvin P. Bradford

Dennis R. Marino

Lawrence B. Rosser

November, 1977

Woodstock Institute
410 North Michigan Avenue
Chicago, Illinois
(312) 644-4469

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Summary

This paper is one of a series of papers which analyzes privately initiated reinvestment strategies.

This paper describes the role of marketing in making consumers aware of the availability of single-family housing credits, and the standards for obtaining these credits. The authors begin by describing the current practices of financial institutions in marketing thrift services, commercial credit services and bank cards. They then suggest that financial institutions initiate marketing programs of equal intensity for single-family mortgage credits.

In the second part of the paper, affirmative marketing strategies are analyzed. The authors define affirmative marketing as the marketing of conventional credit in response to <u>stated public policy objectives</u>. When applied to the issue of neighborhood reinvestment, affirmative marketing involves attempting to make residents of selected neighborhoods aware of the availability and nature of home improvement loans, refinancing loans and mortgage loans.

The authors discuss the issues of selection of target areas and the proper vehicle for marketing various types of single-family credit. The affirmative marketing regulations of the Savings and Loan Commissioner of the State of California

are also described.

The paper concludes with a reference to the Federal Home Loan Bank Board's proposed non-discriminatory regulations which state that each savings and loan association has an obligation to insure that its marketing practices are effective in informing all segments of the community of the association's credit services.

MARKETING OF HOME CREDIT OPPORTUNITIES

The marketing of credit services represents a specific and planned effort to meet the credit needs of potential borrowers. Marketing programs are predicated on the assumption that the existing level of demand for credit can be increased through aggressive and creative efforts. Through marketing, financial institutions attempt to activate latent demand for thrift and credit services, which consists of residents who are not presently taking advantage of banking services. The motive behind most marketing programs is the assumption that by generating more demand for services, the profitability of an institution will be enhanced.

One of the classic texts on bank management defines marketing as "the creation and delivery of consumer-satisfying products (goods or services) at a profit for the bank."[1] The text goes on to say that "too narrow a conception of what products they can provide has been the major shortcoming of most banks."[2] Thus, marketing involves both "product development" and the actual advertising and outreach phases.

Lenders have a history of creative marketing both on the deposit and credit side. Marketing for deposits represents the single largest marketing category for most institutions. Marketing techniques for deposits include not only basic checking and savings accounts, but a range of variations such as Negotiable Order of Withdrawal (NOW) accounts, overdraft protection programs, "free" checking accounts, no minimum balance accounts, combined savings and checking services, specialized savings programs from Christmas clubs to savings certificates, gift (premium) programs, retirement accounts, and a range of comprehensive services, such as automatic payment of bills or automatic deposit of payroll or Social Security checks.

The bank credit card represents a significant and interesting example of marketing credit services. The bank card (BankAmerica/Visa, Master Charge, etc.) represents the most generalized form of consumer lending. Not only do lenders engage in advertising in the media and in direct solicitation of their own depositors, but many banking institutions offer a bank credit card as part of a package of services to attract new depositors and borrowers. Two other credit services which are aggressively marketed are commercial and auto loans (for examples, see Appendix A).

Generally, conventional lenders have not marketed single-family loans with the same intensity as commercial loans, consumer loans, or thrift services. This is particularly true in older neighborhoods. The marketing of single-family loans, like the marketing of other credit services, is designed to activate a latent demand which includes those persons who might be able to use mortgage or home improvement loans or loans to refinance existing mortgages, but for some reason are not actively seeking such loans.

Marketing can be divided into two phases. This first phase might be called "product development." In this phase loan packages are developed to appeal to potential borrowers.

The development of new credit products is designed to meet the needs of certain target populations while maintaining or increasing the internal rate of return for the institution, and while also meeting the institution's chartered service obligations. This product development stage may include not only developing the concept for a new program, but also testing that program.

The second phase of marketing involves the actual process of seeking out and informing the target populations of the characteristics and benefits of the program, and how the program meets their particular needs for single-family credit services. The best, and most efficient, marketing requires matching the particular program to a marketing campaign which reaches the intended target population.

Historically, the development of new mortgage loan packages has had a major impact on increasing the demand for mortgage loans. As with the case with most creative lending programs, the primary method of increasing demand is to devise loan programs which increase the market by making more people eligible. FHA programs represent the best example of how repackaging of loans can maintain the lender's profitability while increasing the number of persons who qualify for loans. FHA lending revolutionzed the mortgage market by introducing long term, constant payment, low downpayment mortgages in the 1930's. The typical short term mortgage in effect at the time required a relatively high downpayment and the ability to make high monthly payments based on the short term of the mortgage. The typical mortgage also included a "balloon payment" at the end. By changing the terms of the mortgage, as FHA programs did, many more people could afford to make the initial downpayment and pay the debt service on a mortgage.

Similar techniques are used today to expand the market. The creation of secondary market institutions such as the Government National Mortgage Association, Federal National Mortgage Association and Federal Home Loan Mortgage Corporation, their expansion, and many of the modifications in their underwriting and loan purchase standards have also contributed to the general conversion of latent to active demand for single-family credit since the expansion of the supply of credit is typically followed by an increased demand. Thus, the secondary mortgage market can be viewed as a marketing program which increases demand, especially for the selected types of mortgages which these institutions seek to purchase.

Another example of actualizing latent demand for credit through new loan packages occurred in the City of Baltimore. In 1973, a detailed study of the availability of mortgage credit throughout the City of Baltimore was made by the Homeownership Development Program.[3] The study showed that within the city, and particularly within older and racially changing areas, there was very little conventional lending, but many contract sales, individual loans, and a great deal of lending activity by mortgage companies using FHA-insured loans. By these measures, there was little active demand for conventional loans.

Partly as a result of community pressure, and partly as a result of an effort to gain support for raising the usury ceiling in Maryland, the major conventional lending institutions made a commitment to eliminate their arbitrary dollar limit of $17,000 on loans, and to seek opportunities to lend in the city. Thus, as conventional lenders have re-examined their eligibility standards, homebuyers once considered too risky for any form of institutional lending have been transformed from latent to active demand for conventional mortgage loans.

The extent to which latent demand can be transformed into active demand is not simply a function of the definitions of eligibility or the development of new loan programs. Demand is also a function of how well-informed potential borrowers are of the programs and their eligibility requirements. In mortgage lending, realtors play a major role in linking potential borrowers with types of loans and types of lenders. A case from the racially changing Marquette Park community in Chicago represents a striking example. Concern among black and white residents about the wholesale use of FHA-insured loans and the rapid resegregation of the area had reached the point of violent confrontations by the Spring of 1976.

In response to the crisis in Marquette Park, growing pressure from community organizations, and a federal suit filed against HUD concerning the practices of FHA-approved lenders, HUD initiated a special pre-purchase counseling program.[4] The program required potential FHA homebuyers in the Marquette

Park area to receive counseling both about opportunities to locate a home in other equally desirable areas and the option of securing conventional financing in Marquette Park. The responsibility for referring homeseekers to HUD fell on the realtors operating in the area, since counseling had to take place prior to a person being shown any homes.

The Leadership Council for Metropolitan Open Communities, a local fair housing organization, carried out extensive testing of realtors and monitoring of real estate transactions in the community both before and after HUD's program.[5] Their records show that during the peak period of transition (June 1975 to September 1976) -- prior to HUD's program -- conventional sales accounted for only fourteen per cent of all transactions, with FHA and VA loans accounting for the balance. After the counseling program was initiated on May 23, 1977, their monitoring for June and July, 1977 showed that seventy per cent of those purchasing homes in the area used conventional financing. There have been <u>no</u> new applications for FHA loans since the program began.[6] The thirty per cent of the transactions not financed with conventional funds used VA financing. (VA has no required pre-purchase counseling.)

These data suggest that there was a substantial latent demand for conventional lending. Testing of realtors before and after HUD's program showed that while realtors almost uniformly steered homebuyers to FHA and VA loans before the program, not one realtor suggested the use of FHA loans after the program began, and realtors generally pointed out that there was "plenty" of conventional money available.

Many other communities across the nation may have the potential for prudent conventional lending even though no special efforts currently are being made to reach this latent demand. One of the special studies on mortgage markets done for the New York State Banking Department, for example, suggests such a situation in Rochester, New York.[7] This study compared selected city neighborhoods to a suburban community. It showed that city neighborhoods were served almost entirely by FHA-insured loans while the suburban community was served predominately by conventional lending. Comparisons of the interest rates, downpayments and terms of city and suburban loans showed that the interest rates and downpayments were similar for similar types of loans, but that the term of the loans in the city was, on the average, considerably shorter. For a mortgage with the same value, this meant that homebuyers in the city were making larger monthly payments. Ironically, the data also showed that <u>city homeowners</u> were paying significantly <u>less</u> of their income on their mortgages. Generally, the less income spent on the mortgage, the less risk of default or foreclosure. Thus, the data suggests that the active demand for FHA loans in Rochester may represent a latent demand for conventional lending.

In addition to mortgage lending, there is latent and active demand for loans to improve, repair, remodel, or rehabilitate the property of existing homeowners in a community. Traditionally such loans have been for short terms and at interest rates higher than mortgage loans. Active demand for such loans has been limited, to a certain degree, to those who could afford this additional debt over and above their regular mortgage payments.

Just as the demand for mortgage loans has been increased by marketing loan programs designed to fit the resources of less affluent homebuyers, so other types of home loans can be redesigned. One form of repackaging is to refinance the existing mortgage to include the remaining value of the old mortgage and the costs of desire home improvements. By packaging both loans as a single, long term mortgage, monthly payments can often be held at the level of the old mortgage alone, or even reduced. This is particularly true when the existing mortgage has aged sufficiently so that the principal balance has been significantly reduced or when property values have increased enough so that increases in value create additional equity against which the homeowner can borrow.

Refinancing can range from a simple combination of the old mortgage and funds necessary for some improvement to a refinancing purely for the purpose of creating additional cash for the homeowner. This latter form protects the property indirectly by improving the financial status of the homeowner. While not extensively used for single-family homes, this latter method of increasing a property owner's cash situation is one of the major sources of income for investors in commercial property.

The full range of possibilities for creating demand for flexible loan packages to meet the resources of potential consumers cannot be predetermined. However, different types of packages are appropriate for different types of situations. The financial situation of homeowners or homebuyers, the physical conditions of property, and the size or age of the members of households all may effect the potential for marketing single-family credit.

One type of marketing is affirmative marketing. Affirmative marketing is not predicated on the need to demonstrate discrimination nor on the assumption that discrimination has taken place. Rather, affirmative marketing of conventional credit services is designed to concentrate marketing activities on selected populations where a specific need for conventional credit has been defined <u>as the object of public policy</u>. When applied to the issue of neighborhood reinvestment, affirmative marketing means attempting to make residents of selected neighborhoods aware of the nature of home improvement loans, refinancing programs and home mortgage loans for which they qualify.

In the housing area, the prototype affirmative marketing program has been the effort by the U. S. Department of Housing and Urban Development (HUD) which requires developers using federal mortgage insurance to design and implement a specific affirmative marketing plan for each development project.[8] This program is specifically aimed at marketing to those who are members of minority groups.[9]

Presently, the only existing affirmative marketing requirements for lenders are contained in the Fair Lending

Regulations issued by the California Department of Savings and Loan on August 1, 1975.[10] These regulations reflect the four elements defined in the HUD program, but extend the marketing focus to neighborhoods which fall within the "effective lending territory" of the lenders. The regulations require each institution to "maintain on file with Commissioner a document describing the marketing policies and programs of the association."[11] The regulations require such documents to contain a description of:

- (a) market areas;
- (b) media used;
- (c) the focus of advertising, including sample advertisements and spots;
- (d) the use of informational brochures and posters;
- (e) mortgage counseling programs, if any:
- (f) working relationships with brokers;
- (g) budget breakdowns;
- (h) staff responsibilities for various aspects of marketing; and
- (i) other information the association (lender) considers relevant.[12]

The regulations extend these marketing programs to both members of minority groups and to "residents and potential residents of various neighborhoods." Although this section of the regulations does not specifically define what types of neighborhoods are included, the marketing provisions are tied to other regulations governing appraisal and underwriting practices.[13] The appraisal and underwriting regulations are designed to insure equal credit opportunity to residents of neighborhoods characterized as older, lower income, minority or transitional areas or areas with selected types of housing construction, or land use patterns.

The affirmative marketing plans are reviewed by the Commissioner in two forms. First, they are reviewed to determine if the planned marketing program complies with the various individual and neighborhood anti-discrimination regulations of the Department of Savings and Loan. Second, the marketing plans are used in making decisions about branching applications. In the process of reviewing an association's branching application, the Commissioner evaluates whether that association's present and proposed marketing policies provide an affirmative response to the nondiscrimination provisions of state regulations.

Associations are required to file their marketing programs by November 1, 1976 with the Department of Savings and Loan. They are also required to revise their programs once a year. At present, there is no analysis of the general contents of these plans, nor any profile of the types of plans which are, or are not, acceptable to the Commissioner. The Commissioner initially rejected several marketing plans. While the requirement of filing marketing plans was designed to encourage associations to undertake affirmative action to meet the credit needs of certain neighborhoods, the initial submission of a plan has alone been viewed as a useful exercise in encouraging lenders to re-evaluate their traditional marketing programs.

The question of what areas should be included in an affirmative marketing plan has two components. First, there is a question of which communities are not able to secure sufficient mortgage, home improvement and refinancing credit for existing residents. The inability to secure sufficient credit might be due to residents' perceptions that they do not qualify for credit, their lack of familiarity with the range of credits available, or the fact that they are perceived by conventional lenders as imprudent risks. Such communities could include those which are older, have minority or racially and ethnically diverse populations, have significant number of middle or lower income households, possess diverse populations, possess diverse land use patterns, show signs of physical deterioration, or the need for major repairs, rehabilitation or renovation. Areas might be included because they possess one or more of these characteristics or they might be included, or singled out for special attention, based on an overall ranking of some or all of these characteristics.

The second component of selecting a target area for an affirmative marketing program focuses on the question of which, and how many of the communities defined as requiring affirmative marketing efforts should be included in the individual marketing plan of any given lending institution. This question revolves around the controversial issue of defining an institution's service area. Should the service area be based on the areas specified in the charter of the institution? Should the service area be defined by the location of an institution's deposit base, or the areas where it loans? The deposit base and lending patterns of an institution may have changed over the years so that the area defined as a primary service area in the original charter may not be coterminous with the present deposit base or lending patterns. There are some who suggest that an institution has a primary obligation to serve the credit needs of the communities from which they receive deposits. However, there may be areas in need of conventional credit which are not sources of significant deposits for any lending institution, either because their deposits are spread among many institutions or because their deposit base is very small.

The California regulations require lenders to provide a marketing plan for their "effective lending territory". This territory is defined as "the geographical territory which includes the areas in which an association makes a substantial majority of its loans and all other areas which are as close to the association's offices as such areas."[14]

One of the proposed amendments to the Federal Community Reinvestment Act followed a similar definition for savings and loan associations.[15] However, for commercial banks, which traditionally have a much wider range of lending activities, the affirmative marketing area was to be defined as the area from which an institution received 80% of its deposit base, and all other areas equally as close in distance from the institution's facility. In addition, these proposed amendments specified that within this total marketing area, affirmative marketing was limited to areas which were defined as historically underserved.

The question of what constitutes an appropriate affirmative marketing program is a complex issue which depends on the purpose of the program. In the case of affirmative marketing for reinvestment, there may not be a uniform definition. Some situations may call for an extra effort to meet the mortgage needs of new homebuyers while other situations may call for a special effort to supply credit to existing homeowners for maintenance and improvement of their properties. In moderate or lower income communities, longer term - lower downpayment, mortgage loans might be more suited to homebuyers needs while it may be to the advantage of homebuyers in other neighborhoods to use their savings or equity from a previous home to reduce the size and costs of the mortgage.

Not only might different loan programs be appropriate for different community situations, but different loan programs may be communicated to the target groups in a variety of ways. The effectiveness of the program may depend upon the method used to reach the target population. Mortgage loan programs for homebuyers might best be marketed through realtors, since realtors depend upon mortgage credit for their clients. Moreover, marketing to homebuyers through realtors insures lenders a direct link to a population most likely to be seriously in need of mortgage credit. However, lenders should be aware of the possible inclinations of some realtors to direct their clients to mortgage bankers who originate FHA- or VA-insured mortgage loans because of the realtors' perceptions that their clients will secure credit with less difficulty from mortgage bankers.

Affirmative marketing of loans for refinancing, home improvements, or maintenance should involve direct contact with existing homeowners. These loans might also be marketed through community improvement associations or church groups.

Conclusion

The design and implementation of an effective marketing strategy is a complex and costly undertaking. However, as indicated by the following excerpt from the Federal Home Loan Bank Board's proposed non-discriminatory regulations, savings and loan associations have an obligation to insure that their marketing practices are effective in informing all segments of the community of the association's credit services.

> Discrimination in housing finance is not limited to loan decisions and underwriting standards; an institution would not be meeting its obligation to the community or implementing its equal lending responsibility if its marketing practices and business relationships with developers and real estate brokers limit its clientele to a limited segment or segments of the community . . . A review of marketing practices could begin with an examination of the association's loan portfolio and application

> flow to ascertain whether, in view of the demographic characteristics of the community in which the institution is located, and the home lending credit demands of such community, it is adequately serving all segments of the community.[16]

Financial institutions can begin to respond to the spirit of these regulations, Title VIII of the Housing and Community Development Act, and their own financial interest by developing aggressive marketing efforts which will make all segments of the community aware of the range of credits available and the standards for obtaining these credits.[17]

Footnotes

1

Howard D. Grosse and George M. Hempel, Management Policies for Commercial Bankers, Second Edition (Englewood Cliffs, New Jersey: Prentice-Hall, Inc., 1973), p. 274.

2

Ibid., p. 277.

3

Home Ownership Development Program, City of Baltimore, Home Ownership and the Baltimore Mortgage Market (City of Baltimore, 1973).

4

The program was initiated on May 23, 1977. The federal suit is Jorman, et al., v. U. S. Department of Housing and Urban Development, et al. C. A. No. 77 C581 (N.D. Illinois, 1977).

5

The data in this section are taken from the records of the Leadership Council. Prior to the initiation of HUD's counseling program, eighty-four homebuyers were interviewed in the area. Thirty-five of these gave data on their savings and resources for a downpayment. Seventy-seven percent of these could have made a conventional downpayment. Auditing (testing) was carried out on at least ten real estate brokers in the area before and after the program. Eighty-six percent of these transactions were FHA or VA. There were thirty-seven transactions in June and July after the initiation of the program. Seventy percent of these transactions were conventional.

6

There were fourteen FHA transactions which were in process at the time the program began and which were completed in June or July.

7

See George Benston, et al., "Case Study of Mortgage Lending in Rochester, New York," New York State Banking Department, Mortgage Financing and Housing Markets in New York State: A Preliminary Report (May 10, 1977), pp. V-1 to V-9.

8

Affirmative Fair Housing Marketing Regulations, 24 C. F. R. 200 et seq.

9 One aim of HUD's affirmative marketing program is to achieve integration. Generally, minorities will be the target population in affirmative marketing. However, when a development is located in an area of minority concentration, it would be expected that the affirmative marketing would be directed toward majority groups members, as they would represent the population least likely to seek that housing under normal marketing conditions.

10 10 California Administrative Code, Sections 147.6, 204.2(q), 245.5, and 246.4.

11 Ibid., Section 245.5.

12 Ibid.

13 For an analysis of the California Fair Lending Regulations and Guidelines, see Dennis R. Marino, Regulatory Reform of Appraisal and Underwriting Standards: The California Fair Lending Regulations and Guidelines (Missouri Housing Development Commission, 1977).

14 10 California Administrative Code, Section 246.4 (a)

15

16 Federal Home Loan Bank Board, "Nondiscrimination Requirements," (Proposed rules), Federal Register, Volume 42, Number 219 (November 14, 1977).

17 Housing and Community Development Act of 1977, Public Law 95-128, 95th Congress, Title VIII - Community Reinvestment.

APPENDIX

Exhibit A

Lerner Newspapers,
<u>Sunday Star</u>, October 17, 1977.

MASTER CHARGE **bank of ravenswood** (Please Print All Information Requested)

Name in full | Age | Social Security Number
Home address | City | State | Zip Code | Telephone number
How long at above address ______ year(s) ☐ Rent ☐ Own | Monthly rent or payment $ | Name and address of landlord or mortgage holder | No. of dependents
Previous address | City | State | How long at previous address ______ year(s)
Present employer and address | Phone | Present position | How long ______ year(s)
Monthly salary | Other monthly income* | Source* | Former employer and address | How long ______ year(s)
Name of present bank | Types of accounts ☐ Checking ☐ Savings ☐ Loan

If joint application other applicant complete this section: | Relationship to applicant (if any)
Name in full | Age | Social Security Number
24
Home address | City | State | Zip Code | Telephone number
How long at above address ______ year(s) ☐ Rent ☐ Own | Monthly rent or payment $ | Name and address of landlord or mortgage holder | No. of dependents
Previous address | City | State | How long at previous address ______ year(s)
Present employer and address | Phone | Present position | How long ______ year(s)
Monthly salary | Other monthly income* | Source* | Former employer and address | How long ______ year(s)
Name of present bank | Types of accounts ☐ Checking ☐ Savings ☐ Loan

CREDIT REFERENCES **(Include charge accounts and installment contracts). Please attach a list showing any additional debts not listed below.**

Applicant Name of creditor	Amount	Co-applicant Name of creditor	Amount

I(We) give the above information for the purpose of obtaining credit and authorize the obtaining of information concerning any statements made herein. The above applicant(s) agree(s) that if this application is accepted and a Card issued, the applicant(s) will be bound by the terms and conditions accompanying the Card and any renewal or replacement card. Each applicant will be liable for all charges incurred with the Card and all supplementary Cards issued on the account.

(X) ______________________ ______________
Applicant's signature Date

(X) ______________________ ______________
Other applicant's signature Date

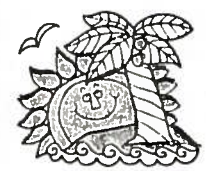
*Income from alimony, child support, or separate maintenance payments need not be revealed if you do not choose to have it considered as a basis for repaying this obligation.

...return this application

MASTER CHARGE
Good for local shopping at neighborhood stores, at gas stations, restaurants, hotels, motels, appliance and department stores, rent-a-cars, airlines, railroads, and even at banks.

THE CASH CARD
Instant cash whenever you need it, at thousands of banks around the country.

EXHIBIT B



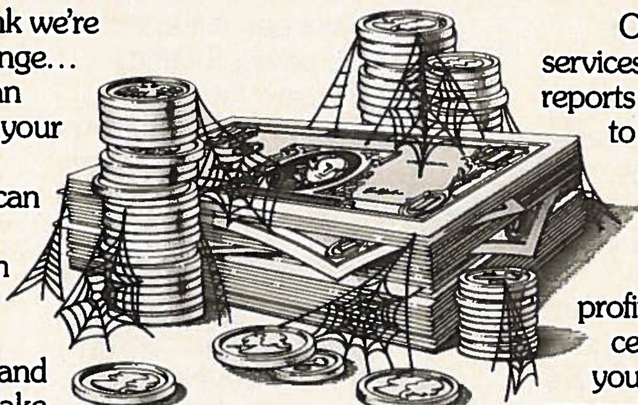
TRAVEL
Your Master Charge card will be welcomed in tourist and vacation places coast to coast, and around the world.

CONTROL
One monthly bill to pay either all-at-once or over a period of time.

UNDER THE LAWS OF THE STATE OF ILLINOIS
a. No applicant may be denied credit on account of the applicant's sex or marital status.
b. The applicant may request the reason for rejection of his or her application for credit.
c. No person need reapply for credit solely because of a change in marital status unless the change in marital status has caused a deterioration in the person's financial position.
d. A person may hold credit in any name permitted by law that he or she regularly uses and is generally known by, so long as no fraud is intended thereby.

bank of ravenswood
1825 West Lawrence Avenue
Chicago, Illinois 60640
Phone: 312/769-2000

If the services you're getting from your bank aren't changing, maybe you should change your bank.



At National City Bank we're working to anticipate change... and to exploit it. So we can help you do the same for your business.

One of the ways we can help is to show you how tailoring a leasing program to your needs can improve your cash flow, conserve working capital and reduce your costs. And make funds available for your investments, expansions and improvements.

In fact, we can give you invaluable help with many of your total long-term financial needs, including mergers, acquisitions and divestitures.

We'd also like to show you how you can track the availability of your funds, and then deploy those funds right from your desk. A two-way, integrated electronic data reporting system, called Balance Reporting, makes it easy and efficient. We'd like to show you how Balance Reporting can impact your company's financial future.

Other computer accounting services can provide daily financial reports to your business. We'd like to tell you about them, too.

And to update you on our fully automated lock box system.

We can also talk profitably about the profit center concept in managing your company's pension program. About flexible financing, forecasting, freight payment plans. And in the world of finance, about international cash management, import/export and foreign exchange.

We're a big bank that understands big business. And business that wants to be big. We're proud of our share in making our clients, including some of the bluest of America's blue chips, more successful. Get us working on some ideas for you. Call John Eustis at (216) 861-4900 or write National City Bank, 623 Euclid Avenue, Cleveland, Ohio 44114.

If your bank isn't changing with the times, maybe it's time to change banks.

National City Bank

Cleveland, Ohio

Member F.D.I.C.

A 15 billion dollar bank can't afford to be narrow-minded.

Assets of over 15 billion dollars make us ne of the ten largest banks in the country. And a source of capital to many of the nation's argest corporations (to date we have done usiness with 90 of the top 100).

But we also finance thousands of smaller companies in California and throughout the world. We never forget that it takes all kinds of businesses to make a world bank.

SECURITY PACIFIC BANK
Something special for every business.

EXHIBIT D
Fortune, November, 1976

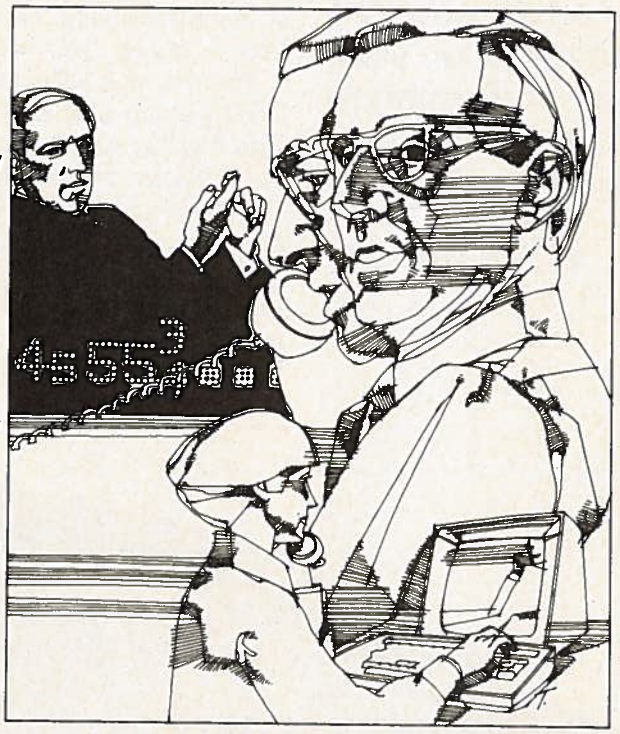
Forbes July 1977

EXHIBIT E

Forbes, July, 1977

INVESTMENT SERVICES AT THE HARRIS BANK.

How your company's excess cash can be profitably invested short-term.



Finding your company long on cash but short on investment strategies doesn't have to be a problem.

Your Harris Business Banker can offer you one-stop service in "near money" instruments that help you maintain liquidity while employing your excess funds profitably.

He'll help you take advantage of Harris expertise in assessing the factors influencing interest rates. And, he'll help you benefit from Harris skills in executing investment strategies.

The Investment Department of the Harris gives you direct access to markets for U.S. Government and Federal Agency Securities; state and municipal bonds; and short-term money market instruments such as repurchase agreements, bank certificates of deposit, commercial paper and banker's acceptances.

In addition, the Harris is one of that limited number of banks making a market in U.S. treasury bills, treasury notes, treasury bonds and agency obligations.

Constant involvement in these markets allows Harris investment specialists to tap information resources at all levels. They share with you the accumulated knowledge, insight and experience used to formulate our own internal investment policies.

So, whatever your investment needs, whether advice, execution, cashiering or periodic reporting, your Harris Business Banker can help you improve the efficiency and profitability of handling surplus funds.

His job is to know you, your company and its financial needs as well as he knows our bank and its services.

You might think of him as the corporate banker who specializes in your company.

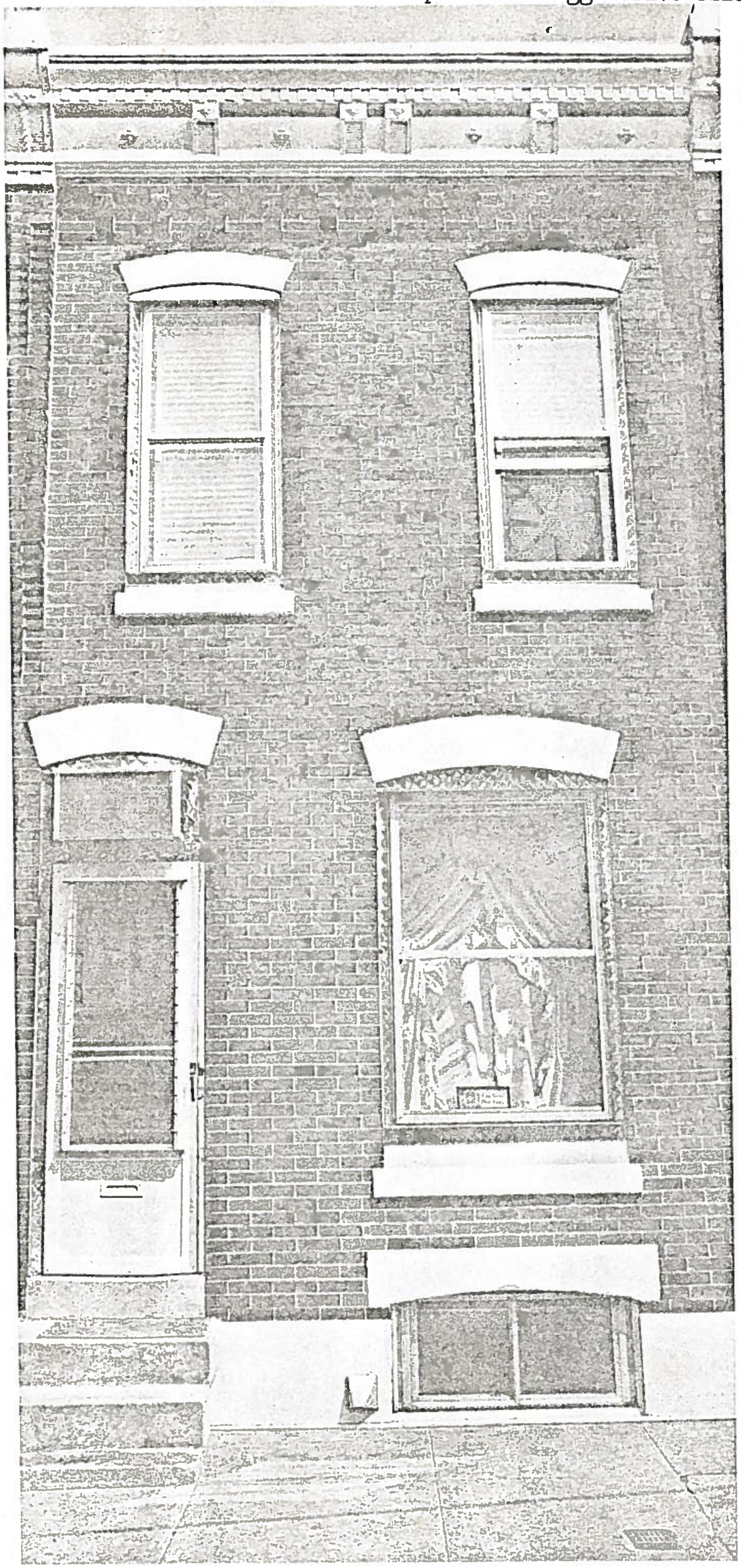
Your Harris Business Banker. If you come to think of him as one of yours, it's because he's one of ours.

You should have a Harris Business Banker. SM

HARRIS BANK.®

Harris Trust and Savings Bank, 111 W. Monroe St., Chicago, Ill. 60690. Member F.D.I.C., Federal Reserve System

Exhibit F--An example of an aggressive effort to market mortgage credit.



A new look at mortgages

The Philadelphia Mortgage Plan is stemming neighborhood deterioration in Philadelphia and giving a new lift to our town.

Civic leaders and the Greater Philadelphia Partnership conceived the Plan. PSFS and two local commercial banks undertook to make it work. And the Plan *is* working.

Mortgage policies have been revised to relate real estate appraisals to individual blocks rather than entire neighborhoods. Applicant qualifications have been liberalized as well. Co-mortgagor and welfare incomes are now counted, for example.

But what is involved here is not charity; it's business. The Philadelphia Mortgage Plan offers financing in older neighborhoods on the same terms as the participating banks are offering elsewhere. Competitive rates are charged on all loans which are generally covered by private mortgage insurance. Since October, 1975, over 1,100 mortgages have been granted for a total of $12,000,000.

PSFS, the other participating mutual and commercial banks (now numbering 12), neighborhood associations, churches, counseling agencies and real estate interests have joined together to carry forward this unusual undertaking in community cooperation. PSFS is proud to have played a part in this effort.

PSFS
THE SAVER'S BANK

The Philadelphia Saving Fund Society
Member FDIC

EQUAL HOUSING LENDER

Prepared by Weightman Inc. PS-1623 Rev. I