

Appendix:

HOUSING CAMPAIGNS

RHODE ISLAND COMMUNITY REINVESTMENT ASSOCIATION (RICRA)

RHODE ISLAND HOUSING PARTNERSHIP

HOME MORTGAGE OPPORTUNITY COMMITTEE (HMOC)

In October of 1985, representatives involved in both the Work Group and the Housing Advocates became involved in a CRA(Community Reinvestment Act) challenge of the state's largest bank; Fleet. On September 29th, the Sunday Journal-Bulletin reported on the RIHMFC(Rhode Island Housing Mortgage Finance Corporation) scandal then one year old. The story spoke of Fleet's involvement in the scandal and how they had not suffered in regard to thier image or standing in the financial community. In fact, Fleet stated that in two days they would file papers to acquire two out-of-state holding companies. I was angered by their arrogance and their plans to foreclose on my parents home. The Housing Advocates, a loose association of organizations and individuals active on housing, met the following tuesday. I recommended to the group that we file a challenge. There was considerable discussion, primarily focusing on the time factor. We had only thirty days to submit comments to the Federal Reserve. Eight groups decided to send a letter to the Federal Reserve protesting the acquisition and asking for an extension of the comment period. All eight groups are also members of the Work Group. Intially, the Feds turned us down stating that thirty days was adequate. However, once we began to run the data on Fleets' investments in poor neighborhoods(we used HMDA data from 1981-83) it became apparent that Fleet had a poor record. We then reviwed Fleets' CRA report filed to the Reserve. This proved most damaging to the bank. Their record was mainly charitable contributions and financing of community development projects that on further investigation were either exaggerations or false. We were then granted an extension, one of the few the Federal Reserve has granted since a change in key officers. Our document was over a hundred pages in length and through outreach we secured the support of 21 groups.

We then sat down as a group and planned our campaign. What did we want from the bank? Should we ask for a dollar amount or a percentage figure? What types of programs do we want funded? The group did agree to draw up a general list of issues that we felt Fleet should respond to in a substantive manner. The list included examining their underwriting criteria, their involvement with non-profit housing sponsors, lack of fiancing of low-income housing, and the "errors" contained in their CRA report. A letter was sent to Fleet requesting a meeting. All correspondance was channeled through Steve Fischbach, an attorney with a city agency. A negotiation planning meeting was set up and a strategy and negotiation team was agreed upon. First, every group taht signed the document was invited to attend the Fleet meeting. Second, a small group of four would represent the interests of all. I was chosen because of the amount of work and time I committed to the challenge. I would like to state that the negotiation workshop that the CED program held this past summer of was of immense help in the negotiation. The meeting was held in November attened by 26 individuals from 18 of the groups. Although the negotiation was not as smooth as

rehearsed. Two of our members began to agree with the banks position openly rather than allowing the banks comment to stand with no response by us. Fleet agreed to meet again this time in the community rather than in the banks' offices.

Our demands became more focused specific changes in their underwriting criteria, a dollar figure of \$200,000,000 for eight programs over three years and the recativation of HMOC (Home Mortgage Opportunity Committee). HMOC is a review board with no enforcement power. Started back in 1974 it fell apart in 1981 and has failed to meet as a body. Their function is to review mortgages that are turned down. The group is made up of community people and bank officials in the mortgages department. Our reason for activation was twofold. One, Fleet reported in their CRA report that they were active in HMOC and second, the advocates felt it was a good vehicle for influencing the banks. We contacted Mary O'Hara at MURAG and requested information on the Mortgage Review Board in Massachusetts in order to redesign.. HMOC as a functional committee. As a boardmember of my neighborhood center I will be issuing the letter of reactivation. The planning meeting is scheduled for early february.

The most novel request for Fleet in regard to the dollar amount requested by us was to finance a housing partnership. The advocates felt very strong that with cutbacks and retrenchment of monies on both the state and national level for financing low-income housing new and informative partnerships needed to be developed. Both Steve and I had looked at the Chicago and Boston partnership and recommended to the group that we persue a similar partnership for the state. Thus was born the Rhode Island Housing Partnership. Our goal was to have Fleet initiate the partnership and as we met with other banks through other CRA reviews a large pool of capital would be raised to finance low-income housing in the state. The logistics of the Housing Partnership are still sketchy. We are continuing to discuss and debate this approach. Regarding the Partnership idea, to date we have met with two other banks using the CRA. They are Bank of New England and Citizens Bank. Both of these meetings were held with their CRA officer and were introductory forums to introduce the Partnership. Both banks, however, were supportive and further meetings are being scheduled.

Name change; as stated all correspondance was sent through Steve's office, a city agency. Pressure was brought to bear on Steve's role and use of city stationary. The group agreed to adapt a name for our work and a new address. We agreed to call ourselves RICRA using the same letters in the challenge. Our address was the meeting place; John Hope Settlement House. There remains a committed core of ten people who are doing most of the work of the association. We are not sure what the future of the group is, we may consider setting up a seperate housing advocacy group. Possibly a RICHAIN (Committee on Housing Advocacy and Information Network), all of this is down the line.

Review: I strongly feel that part of the success of these programs are directly attributed to my work here at the CED program. From day one I seen a growth in my confidence to take charge and initiate proposals that involve CED rather than organizing. The future

of community economic development in Rhode Island can be traced back to this program from Jean Hicks and the first CDC in RI to by the fall the state's first community loan fund. A new course has been set. A new challenge for activists in RI to consider the future and hope of our poor neighborhoods. CED has provided the foundation for radical and structural change within our communities economies.

Langston Hughes once wrote:

Freedom is the icing on
somebody else's
cake-
and so must be
till we learn to
bake.

The CED program, staff, and students have begun to draft the recipe of change for our communities, the task ahead is to keep on trying and acting out our visions.

FINAL COMMENT

To my Advisor: Even though the program is ending I would ask for additional assistance in my project. My one criticism is that I did not receive adequate support for my project. This is the result of both of us failing to set any framework of your role in my project. Given your role as director of the program and instructor of a few courses it made it difficult to receive the advisement I felt necessary to ensure success of my project. My most rewarding session with had nothing to do with NHC but was our participation in the Loan Fund Conference. I hope to work with again in the future.

RHODE ISLAND COMMUNITY INVESTMENT LOAN FUND WORK GROUP

Interim Report
Advisor: Michael Swack

September 23, 1985
Ray Neirinckx

- I. Project Evaluation: As of this date the RHode Island Community Investment Loan Fund (RICILF) work group has met only once since May 24th. Summer scheduling conflicts made summer meetings unworkable. The work group is continuing to move forward in formulating a structure for the loan fund. Although, we are behind in the timeline projections, I am confident that with the continued support of the group the project will succeed. The problem in meeting times can also be explained by the coordinator. Getting married, finishing a difficult term, working full-time, and having your briefcase stolen does present conflicts. However, I will not make excuses for allowing the timelines to fall behind in the projects' development. I am confident that this fall that the work group will establish by-laws, articles of incorporation, and rules and procedures of a Rhode Island loan fund.
- II. Progress: The work group met on July 10th, although the was our smallest to date (8 people) it was quite productive. The agenda is attached. The report from the subgroups were as followed; the legal subgroup did not meet because of severe scheduling conflicts, lack of followup by the coordinator only exasperated the problem of assisting the group in making a presentation on legal issues affecting the loan fund. The questionnaire subgroup did develop a borrowers questionnaire. The group reviewed and critique the document and agreed on changes. The coordinator has retyped and copied the questionnaire. The coordinator will write a cover letter and send the questionnaire to the following;
- a) Housing Co-Op Task Force mailing list
 - b) Housing Advocates mailing list
 - c) United Way groups
 - d) Fund for Community Progress mailing list
 - e) Welfare Rights Advocates mailing list
 - f) each work group member receives three for their regions
- The questionnaire is attached.

The bulk of the meeting was spent reviewing the NH loan fund policies and procedures. Each of the 25 work group members has a copy of the NH loan fund policies. The members were informed in the letter to be prepared to discuss the document in relation to our work here in Rhode Island (letter attached).

The purpose of the NH fund was agreed as a solid directive for RI loan fund activities. In the lenders section, the work group agreed back in May to add affirmative action language. Also, the group felt that in the lending section, paragraph (2) more specific information was needed such as a cap on the number of loans available, particularly in the startup years, and a percentage set aside of unsecured loans rather than dollar specific. In the Loan Processing section the work group will seek to expand this section in regard to 1) screening preliminary applicants through a specific loan criteria known beforehand to all applicants. In paragraph 2) section b, we would request the following additional information: affirmative action plan, a business plan, pro forma statements, and an ability to pay back the loan. In

paragraph 3), our organization will not have the capacity to directly provide technical assistance(T.A.), however, we will develop a referral T.A. plan which will be part of our processing of loans until such time that we can provide T.A. as part of RICILF.

Risk was also discussed, in relation to the loan fund and in attracting lenders. Yet it was also clear that members were firmly behind the project and find the group a valuable opportunity to establish an alternative lending institution which can alter people relation to their community, their economy, and to themselves. The vision of the loan fund remains a catalyst for moving this project ahead.

III. Technical Assistance: the loan fund continues to receive valuable assistance from Michael Swack. Information gather by the coordinator has also served to inform the work group. The RI group has also been invited to the National Community Loan Fund conference on October 16, 17, 18. We will be sending two people. A business plan and marketing outline developed from classes during the third term are available for comment.

IV. Timelines: For the remaining term the timelines are:

September: legal subgroup meeting
October: Conference and plenary session
November: Committee assignments
December: Program development
January: capitalization plan

Further discussion with my advisor will be ongoing beyond Jan.

RHODE ISLAND COMMUNITY INVESTMENT LOAN FUND WORK GROUP

INTERIM REPORT

Advisor: Michael Swack

MAY 25, 1985

Ray Neirinckx

" IF YOU HAVE BUILT CASTLES IN THE AIR, YOUR WORK NEED NOT BE LOST; THAT IS WHERE THEY SHOULD BE. NOW PUT THE FOUNDATION UNDER THEM." Henry David Thoreau

- A) PROJECT OBJECTIVES: As first outlined in the contract the loan fund will serve low- and moderate-income communities, rural and urban, in Rhode Island. The Project Phases of the Work Group, (Method Outline pgs.5-6) are still realizable and appropriate for this project.
- B) ORGANIZATIONAL OBJECTIVES: Letters of introduction were sent in March to 26 people representing various community and religious organizations. The first meeting was held on April 12th. There was 12 people present. Michael Swack provided a general/technical introduction to the loan fund model.(appendix 1) Response from those not able to attend has been positive and supportive. A second meeting was held on May 24th. Eleven people were in attendance. Response continues to be supportive, the time of meeting has prevented a larger turnout. My role will be to provide support and facilitate the tasks of the Work Group. Participation of the Work Group and consensus of actions and activities will continue to be a major organizational objective.
- C) METHOD: The Work Group on May 24th reviewed materials from the Boston Loan Fund(appendix 2 & 3). The group decided the following; I. A short-term legal committee, which will meet twice. The committee consist of two attorneys and two community people. II. A Loan/Program committee which will consist of participants from their respective geographic areas. The members will survey local groups and begin identifying potential lenders. It was agreed that this would promote greater cooperation and ownership for starting such a loan fund.

A smaller group of three will meet to discuss the development of a questionnaire to survey both housing and business needs of local communities.

A plenary meeting will be held on June 26, from 7-9pm. The legal committee will present and the questionnaire will be ready for local use.

- D) EVALUATION: Thus far in the project I am confident. The planning of meetings has been satisfactory. Turnout has been fair. Feedback from participants has been very good. I am very pleased by the level of enthusiasum for the project and the involvement of all regions in the state.

I would like more critical feedback from my Advisor and I will try to communicate more of my own feelings and impression of my project. I have a tendency to shotgun actions and of not clearly focusing my work.

- E) TECHNICAL ASSISTANCE: I will define technical assistance needs as
- I. Early stage; definition/clarification. Provider: Michael/ICE
 - II. Middle stage; board development/lending. Provider; Michael/ICE
 - III. Ending stage; capitalization/program development. Providers; Michael/ICE/and locally identified T.A. groups.

During this time I have contacted the following groups for general loan fund/community investment information:

- I. ICCR/Alternative Investment Clearinghouse-Keith Rolland
- II. Cooperative Assistance Fund- David Rice
- III. Franklin Research and Development Corp.- Joan Bavaria

On May 10th, I met with Chuck Collins from the Institute for Community Economics(ICE). We discussed possible technical assistance support for the RI project. Review of other loan funds and questions of the RI loan fund was the focus of the afternoon meeting. I will explore grants to provide some money for additional T.A.

- F) TIMELINE REFORM: At this time I will present these timelines for the development of the Rhode Island Community Investment Loan Fund.

- May- second meeting/define purpose
- June- committee meetings/third meeting, legal/survey development
- July- committee work; survey and identify T.A.
- August- committee work; survey borrowers/identify pot. lenders
- September- plenary session; report findings
- October- board training/committee reassignment
- November- program development
- December- capitalization/program development

PROJECT OUTLINE

RAYMOND NEIRINCKX
Advisor: Micheal Swack

Jan. 11, 1985

Project: RHODE ISLAND COMMUNITY INVESTMENT LOAN FUND

A. Problem Statement:

Step 1 The loan fund will serve all low- and moderate-income communities; rural and urban, in Rhode Island. A statewide venture for community economic development.

Step 2 "If the banks don't invest in the neighborhoods, even though they can't see the profits today, will anybody want to invest in the neighborhoods? I invest in my neighborhood everytime I plant a flower." Councilman Nick Easton, on the closing of two bank branches in South Providence, summer of 1983
Community investment to meet community need. That is the ideal. The reality in Rhode Island is money from low-income communities being invested outside the community and outside the state. The pressing problems of low- and moderate-income communities, such as housing, new business development, access to credit/mortgages and technical/professional services are many times absent in meeting local needs. From Newport and South Kingston, Providence to Woonsocket there is a need for community-based action to address and meet the investment needs of these communities. The Community Investment Loan Fund would provide an institutional mechanism in order to reclaim low- and moderate-income communities for the people who live and work there. One key problem will be the deregulation of the banking industry. "As interstate banking becomes a reality, substantial consolidation involving Rhode Island banks are likely to result.... It is not clear that Rhode Island-based financial institutions will be able to remain in the state in the face of these developments. The prospects of losing the headquarters and management of these institutions to Connecticut, or Massachusetts or New York financial institutions is worrisome. Major Rhode Island banks provide important leadership for the state business community..." (GREENHOUSE COMPACT, Rhode Island Strategic Development Commission, vol.1 1983 p.361)
"Due to the increased competition for loans, the borrowing customer, especially the commercial customer will be the winner. Unfortunately, when there is a winner there must be a loser and the transaction customer will be the loser in our opinion." Herbert Cummings, Citizen Bank talking to the Customer Credit Association of Rhode Island and Southeastern Massachusetts, 1983.

During this time, when bank branches were closing and managers were deciding where the greatest profit margin was, Rhode Island was studying its economy. The first major detailed, comprehensive analysis of a state's economy. Headed by Terrance Murray, president of Fleet National Bank and Ira Magaziner, an international business consultant, they with research teams spent 14 months examining Rhode Island's economy. During the summer of 1983, Ira Magaziner met with a group of community activists to discuss our concerns for a community component to the document. Our urging for any voice representing the "community" was dismissed. Our power labelled marginal. After the document was released, many of us met again to develop alternatives to the report. Proposals for a state bank, an affirmative action clause, alternative technology and others were discussed and presented. This statement by the Group For Fairness in the Greenhouse is one; "Benefits of the plan should be open to all segments of the population. It should recognize worker-owned and community-owned businesses and cooperatives as legitimate and appropriate economic enterprises. They should be eligible for funding under both the Venture Capital section of the plan and also the special fund for Existing Industry." (Dec. 1983) Hearing after hearing, community forums to community meetings one thing became clear was a need to recognize and encourage community economic development. Irwin Becker in the R.I. Voice (Dec. 1983) offered the following suggestions; "... 3. State investment whether with greenhouses or corporations, should be directed toward the most economically depressed areas of the state, such as Blackstone Valley, South Providence and Pawtucket Valley. 4. At least 15% of the public funding should be set aside for alternative economics, including worker ownership, community control and non-profit ventures. The social investment should encourage decentralization, self-sufficiency and experimentation...." Due to lack of support from community groups and the public-at-large the Greenhouse Compact was soundly trounced. Yet there continues to be a need to fill the gap of market forces abandoning our communities and the growing public awareness for community-based economic development. The Rhode Island Community Investment Loan Fund would serve to bridge that gap and serve to open new avenues for public-private partnerships in meeting community needs. The loan fund would be an integral part of a new movement for removing the two biggest obstacles for CED; capital and technical assistance.

- Step 3 The underlying trends for starting such a fund are deregulation in Banking, lack of technical assistance for community economic development, growing community support for CED ventures and urban and rural policies from the national government of benign neglect. Many people believe

that our cities and towns are dying. Local governments should withdraw services and money from these communities and invest in more profitable areas. Some people call this urban triage. Rural communities find themselves losing their homes and land to newcomers who rediscover small town living. This is called growth management. No matter what the terms, the facts remain; low- and moderate-income people, urban and rural, face the possibility of losing their homes and communities because of market forces or prudent business decisions. Community Loan Funds can bring new hope for improving our communities for the people who live there. Community investment recognizes that the best chance for success lies in those very communities. The Institute for Community Economics has identified three elements of community investment which I will quote at length;

"The first element is a commitment to a place- a town, metropolis, or region- and to the people who live there. Community investment is a means of renewing and sustaining the social and economic health of a local community. It is an approach to socially responsible investment that recognizes, utilizes, and seeks to strengthen the networks of mutual support that exist within a local economy. Secondly, community investment involves a commitment to social and economic justice- without which there can be no true community. It affects the priorities that determine the allocation of capital in the community- placing the highest, rather than the lowest priority on the capital needs of those who have been exploited or excluded by prevailing economic forces.

The third essential element of community investment is a commitment to the kinds of institutions and development that express the sense of local community and that promote social and economic justice. This means, for instance, channelling capital into community-owned and worker-owned businesses rather than into companies owned by non-working shareholders and it means committing capital to community land trusts and limited equity coops rather than to conventional owned land and housing with the potential for unearned profits." (No.6 Fall 1984)

The root causes won't disappear with establishing a revolving loan fund but it is a start. A beginning point to address meeting local needs through local action.

B. Project Goals:

Objectives

Minimum: establish a working committee, outline of goals and methods, follow-up meetings of working committee. Survey CED projects, conduct site visits with groups and with technical assistant people. Prepare report for working com-

mittee. Develop proposals for revolving loan fund. Develop board of directors and incorporate.

Maximum: Draft a prospectus. Capitalize the revolving loan fund. Conduct educational forums.

C. Method

Plans; draft letter of introduction, hold introductory meeting. On-going advisement from adviser (Michael Swack) Visit with other loan funds. Method outline is attached.

Timetable of targetted dates:

January	letter of introduction
February	first meeting of group
March	survey CED in Rhode Island
April	
April	visit public interest groups
May	compile list of lenders/hold 2nd Mtg.
June	identify technical assistance/visit
July	
July	review similar loan funds
August	prepare report
September	third meeting/report findings
October	board training/meeting
November	proposal development
December	Incorporate

METHOD OUTLINE

RHODE ISLAND COMMUNITY INVESTMENT LOAN FUND-PROPOSED PROJECT PHASES

- I. Preliminary meeting/s of the Working Committee: to develop a list of possible participants, send letter of introduction, outline the project, its methods and goals; to divide responsibilities for the development effort and choose a project coordinator.
- II. Survey the on-going community development efforts in Rhode Island. Visit a number of potential borrowers and draft profiles of a representative samplings of these groups, including a brief history of the organization, their plans and projects, their financing needs, and their differculties in obtaining or using conventional financing.
and
Contact or visit a number of community development and public interestgroups, and knowledgable individuals for their advice and suggestions, and compile a detailed list of potential lenders, including contact people within such organizations and contact people who may facilitate access to potentail lenders.
- III. Identify technical assistance providers available to potential borrowers. Contact or visit them and summarize the services they have available and the cost of such services.
and
Identify technical advisors or assistants for the proposed Fund, including legal, financial, accounting assistants. Contact or visit them and summarize the services they will make available and the cost of such services.
- IV. Review similar revolving loan funds, considering their structure,staff, operating guidelines, budget, and record of performance;
and
Identify and answer legal questions pertaining to the creation of a community development loan fund in Rhode Island;
and
Prepare a report for the working committee summarizing the experience of other revolving loan funds, and detailing the options and decisions related to the formation of a community development loan fund in Rhode Island.
- V. Working group meetings to formulate a detailed proposal for a community development loan fund in Rhode Island, including specification or recommendation of purposes and priorities, legal structure, board members, staff requirements, technical advisors, operating guidelines, budget, and potential sources of loan and grant support.
and
If appropriate, incorporate a Rhode Island community development loan fund.
- VI. Draft a prospectus for the Rhode Island Community Investment Loan Fund, suitable for use in presenting the fund to potential lenders and donors, including a description of the need for the fund and its community development potential, a description of the fund itself, and a description of the loan/grant options

and advice/assistance available for potential supporters.

- VII. Conduct a series of "community investment forums" for potential lenders and donors.

Raymond Neirinckx

R.I.COMMUNITY INVESTMENT
LOAN FUND WORK GROUP

March 26, 1985

425 Greenville Ave.,
Johnston, R.I. 02919
(401) 231-0441

Dear Friend,

A major barrier facing most community self-help efforts is obtaining development capital. Federal programs that once provided loans and subsidies for housing and other community development projects have been severely reduced. Community groups often face a difficult situation when approaching financial institutions. Long standing institutional prejudices make credit unavailable to many community efforts, particularly in the early stages of these efforts when capital is needed on short notice.

An increasing number of individuals and institutions are recognizing that loans for community development can be financially and socially responsible alternatives to traditional investment opportunities. Without a way for potential lenders and borrowers to get together, lenders have left their money in conventional accounts or have purchased stock in corporations whose activities meet their ethical criteria. Meanwhile, local community groups continue to struggle for needed capital.

A group of concerned individuals representing various institutions and communities will convene on APRIL 12, to begin to investigate the establishment of a Rhode Island Community Investment Loan Fund. This loan fund could provide development capital(loans) and technical assistance to low- and moderate-income community groups involved in developing cooperatives, land trusts, CDCs, or other community economic development ventures. A Community Investment fund could help keep our neighborhoods economically viable and at the same time raise the issues of capital access and economic justice for our communities that are "at risk".

On APRIL 12,1985 from 11-1 at the John Hope Settlement House, 7 Burgess St., Providence an introductory meeting for the proposed development of a Community Investment Loan Fund for R.I. YOUR PARTICIPATION is greatly needed if this project is to succeed. The meeting will provide an introduction to loan funds in other states and the prospects of starting one in Rhode Island. Presenters who have been active with loan funds elsewhere will be there to assist in this venture. This model is flexible and therefore requires participation of people like yourself. The meeting is not a commitment to action but an opportunity to explore a project which could return social and economic power back to community life.

We look forward to seeing you on APRIL 12th. Please confirm your attendance by calling 461-8495(days) or 231-0441(nights).

Respectively,

Raymond Neirinckx,Convener

INSTITUTE FOR COMMUNITY ECONOMICS, INC.

151 Montague City Road
Greenfield, MA 01301
(413) 774-5933

WORKING COMMITTEES

for the

BOSTON COMMUNITY LOAN FUND DEVELOPMENT PROCESS:

Initial Tasks Preceding Incorporation

LEGAL COMMITTEE

Review options for incorporation and structure of Fund
Draft by-laws
Review applicable Massachusetts lending laws
Prepare IRS application for tax exempt status
Identify legal consultants for the Fund

CAPITALIZATION/FUNDRAISING COMMITTEE

Compile list of potential lenders and key resource people who can assist in identifying and approaching lenders
Compile list of potential grantors
Approach selected group of grantors for seed grants for development process
Review other private and public financing programs in the area and identify capital gaps: types of financing needed; types of groups needing financing
Prepare capitalization strategy, including preliminary plans for a series of "community investment forums"
Identify financial consultants for the Fund

LOAN COMMITTEE

Survey housing needs in the Boston area through review of existing studies and interviews with neighborhood service and housing organizations; prepare brief report
Survey neighborhood housing organizations and initiatives; identify existing financing sources, capital needs, and community investment opportunities
Prepare brief case studies of organizations and projects that could have been or could be appropriate borrowers
Suggest lending priorities for the Fund - *concentration*
Identify technical assistance providers and the nature of the services that could be made available to borrowers

DRAFT FOR Boston Community Loan Fund - Loan Committee

HOUSING SURVEY QUESTIONNAIRE

(Provider organizations/Community groups)

This is a housing survey to determine the housing finance needs of residents and community groups in western Massachusetts. We are an ad hoc group of representatives from community groups, a public agency, technical assistance organizations, the religious community and a Springfield neighborhood. The group is exploring the feasibility of creating a community investment fund for financing low and moderate income housing in western Massachusetts.

Name of Respondent _____ Title _____

Organization _____ Founded 1965

Address _____ City Boston, MA Zip Code 02130

Type of legal entity Non-profit Tax Status Exempt

1. What types of housing services or programs do you provide? Do you have any literature available that describes your organization? Since 1980, _____ has provided housing services for the elderly by offering minor repairs to low-income older homeowners; counseling homeowners on how to access city rehab programs; providing information on obtaining Reverse Mortgages or Sale/Leaseback arrangements that will allow older owners to remain in their home and increase their income; developing collaborative proposals through the Jamaica Plain Community Housing Task Force that will benefit low-and moderate-income owners and renters in Boston.

2. Can you briefly describe your target area or community and the people you serve?
All of Jamaica Plain and Mission Hill; Roxbury Highland and adjacent sections of Roxbury. Clients are low-and moderate-income elderly (62 or older) homeowners requiring repairs to their homes.

3. What kinds of financial problems related to housing are they experiencing (e.g. high rents and interest rates, large security deposits and downpayments, etc)?

Lack of access to major rehab programs offered by the City due to outstanding liens on property (water bills, back taxes) incurred by financial hardship. Unless these liens are discharged, the elderly homeowner is ineligible to apply for any of the City's housing rehab programs.

4. What is the most pressing of these problems?

The homes of these low-income elderly homeowners are in need of moderate to substantial repairs which they can not afford. However, if there were no liens on the property many of these homeowners would be able to enter the City's rehab programs and obtain the necessary repairs.

5. Is housing supply a problem? yes ^xno If yes, please explain what type of housing is in short supply (e.g. 3 bedroom apartments, long-term shelters for the homeless, etc)

Community Organizations

6. What are the most pressing financial needs for your housing program(s)? Please list in order of priority. Elderly Homeowners would need a loan (deferred until the transfer of the property) to discharge liens or other financial debts, which would then allow them to enter the City's rehab programs. No loan would exceed \$3000 (not definitely defined at this point), and the loan repayment would revert back to the Community Loan program. If available, a modest amount of administration money to implement the program would be helpful.
7. What sizes and terms of financing are necessary to make your program(s) affordable? As stated above, the loan amount per family would be limited to a specific dollar amount, say \$3000 unless there is some compelling reason why this limit should be waived. The loan would be no interest or very low interest bearing, and would be paid back to the Community Loan Fund at the sale of the property. The loan would go to those homeowners with the greatest need and who would otherwise be eligible for one of the City's rehab programs.
8. What have been the major sources of your funding? (banks, government, foundations, etc.)
Year 1 & 2 HUD and Permanent Charity Fund to fund the Home Repair Program.
Year 3 All private Foundations to fund the Home Repair Program. Year 4 EOCD, CDBG, Title III, and J.P. Community Housing Task Force.
9. Have you ever approached a local bank? yes no If yes, what was their response?
Not specifically for a loan such as described above. Some local banks have supported the Home Repair program in very modest amounts.
10. Have you ever approached government funding sources? ✓ yes no If yes, who and were they able to meet your financing needs? Please explain.
Submitted a joint proposal with the City of Boston to provide Home Repairs in conjunction with their rehab programs to HUD. Denied.
11. What key public agencies and/or community groups have you worked with? What is the nature of these relationships?
Jamaica Plain Community Housing Task Force, composed of representatives from the State, City, local housing agencies, banks and private Foundations meet regularly, and are collaborating on joint proposals to meet the housing needs of low-and moderate-income owners and renters in Boston.

Provider Organizations

12. In your opinion, what financing shortages or "gaps" exist in the area of housing?
Land banking type money for small non-profits; rehab loans or grants for very low income homeowners; money for first + last mos. rent for low income renters.
13. How have the cut-backs in the federal housing programs affected your program(s)?
s Housing Assistance Program lost \$100,000 in two years under the present admin.
14. In the last two or three years have you noticed any dominant trends in your caseload or the number of requests for housing assistance? yes no Please explain.
More requests than we can handle throughout the City.
15. (Optional) In your opinion, what are some of the solutions to the housing problems

RHODE ISLAND COMMUNITY INVESTMENT LOAN FUND WORK GROUP

Ray Neirinckx
425 Greenville Ave.
Johnston, R.I. 02919

April 25, 1985

Dear Friend,

On April 12th, a group of eleven people representing various community organizations met for an introductory meeting concerning the development of a revolving loan for Rhode Island.

Michael Swack, director of the Community Economic Development program at New Hampshire College gave a general overview of loan fund development in New England. Specifically, the Institute for Community Economic (ICE); now in its fifth year of lending, the New Hampshire Loan Fund; making its first loan, and the incipient Boston Loan Fund which recently incorporated and expects to make its first loan this fall. A method outline explaining the phases of developing a loan fund was discussed and handed out.

It was agreed by those present to meet again to discuss the goals, direction, purpose, and geographic focus of a R.I. loan fund. This meeting is to be held on MAY 24, from 11-1 at the John Hope Settlement House, 7 Burgess St., Providence. This meeting should serve to coordinate concerns and issues arising from the initial start-up of the project. The success of the first meeting and the subsequent interest expressed by many who were unable to attend can only be realized through continued PARTICIPATION. The loan fund model is a community model shaped by the experiences and knowledge of people like yourself. I hope you will join with me on May 24th to begin building a foundation for reinvesting and revitalizing our communities.

TASKS: would you please do the following for the next meeting;

1) draw up a list of potential lenders in your area, i.e. churches, foundations, private individuals, banks, etc.;

2) develop a list of potential borrowers- what groups or institutions in your area are active in or considering community development?;

3) what do you think a Rhode Island Loan Fund should be?

If you have any questions or would like something on the agenda, please call me at 461-8495(days) or 231-0441(nights).

People are encouraged to bring lunches with them.

Respectfully,

RHODE ISLAND COMMUNITY INVESTMENT LOAN FUND WORK GROUP

June 25, 1985

Dear Friend,

Summer Greetings. The Loan Fund Work Group is slowly making progress. On May 24th, eleven people met a second time, the purpose to begin setting a vision of what a Rhode Island Loan Fund could look like. We reviewed the tasks sheet of the Boston Loan as well as the questionnaire used to survey potential housing project also for the Boston Loan Fund. The Work Group reached the following decisions; establish a legal subgroup which will explore IRS rules, RI lending laws, by-laws, and articles of incorporation. A small group also will meet to formulate a questionnaire for surveying potential borrowers to the fund. Further discussion from the Group is necessary to set a course of action for the rest of the summer.

Issues for discussion for the next meeting:

- 1) Reports from subgroup activities.
- 2) Review of New Hampshire Loan Fund policies and procedures.
(materials enclosed)
- 3) Review of New Hampshire Loan Fund timelines and budget.
(materials enclosed)
- 4) Planning for Plenary session in the Fall?
- 5) Other issues. Please call if you would like anything added to the agenda. (231-0441,nights/461-8495,days)

The time of the meeting has been changed to JULY 10th, from 7-9pm at John Hope Settlement House, 7 Burgess St., Providence. I hope to see you on the 10th. The Planning Process needs the active participation of everyone involved.

If you know of other people from your area who may be interested in this project, please invite them to the meeting.

Thoreau once wrote, "If you have built castles in the air, your work need not be lost; That is where they should be. Now put the foundation under them." Join with us on July 10th and begin putting a foundation under a Rhode Island Community Investment Loan Fund.

Sincerely,

Ray Neirinckx, Convener

RHODE ISLAND COMMUNITY INVESTMENT LOAN FUND WORK GROUP
177 Oakland Ave., Providence, RI 02908 461-8495/351-3296

October 29, 1985

Dear Friends,

Yes, the Work Group is alive and well and it's time to get back together to plan for the next six (6) critical months of the Loan Fund's development. A meeting is scheduled for NOVEMBER 15, at 1pm at John Hope Settlement House, 7 Burgess St., Providence. It is VERY IMPORTANT that everyone attend. Since April, a committed core of folks have met to begin shaping the outline of a RI Loan Fund. All of you who were unable to attend were kept informed and updated through materials/letters that I mail out. The borrowers questionnaire is completed and copied and will be made available at the meeting. Each of you will be asked to take three, one for your own organization and/or program and two for other projects in your area. Additional questionnaires will be sent from mailing lists we've compiled. It is vital that people take the time and effort to complete the form. If we are to approach potential lenders we need to document the needs and programs. Once completed you can mail them to the Work Group in care of the above address no later than December 14th.

AGENDA Setting for the November meeting. Everyone is strongly encouraged to call in items they would like discussed at the meeting. Tentatively the agenda looks like this:

- a. Legal Committee update
- b. Questionnaire
- c. Coordinator report
 - National Loan Fund Conference
 - National Federation of Loan Funds
 - Incorporation update
 - funding issues
- d. Policies and Procedures update

Up until now the Loan Fund has had work groups in which to deal with the work of starting a loan fund. Now is the time to formalize some of these work groups. PARTICIPATION IS THE KEY. The success of the loan fund is because of the commitment and vision that people have for returning social and economic power back to community life. Lets make a difference and move ahead in developing the RI Community Investment Loan Fund.

If you can not make the meeting on the 15th or have questions, please call (461-8495/351-3296). We've had a long break so lets' get down to work.

Peace & Justice

Ray Neirinckx, coordinator

RHODE ISLAND COMMUNITY INVESTMENT LOAN FUND WORK GROUP

APRIL 12, 1985

AGENDA

INTRODUCTIONS

WHY WHERE HERE

LOAN FUNDS- Michael Swack, New Hampshire College

- * purpose
- * history
- * function

Question Period

WHERE DO WE GO FROM HERE?

RHODE ISLAND COMMUNITY INVESTMENT LOAN FUND WORK GROUP

MAY 24, 1985

AGENDA

INTRODUCTIONS

REPORT FROM CONVENER

OUTLINE OF ISSUES FOR DISCUSSION

- * MISSION OF A LOAN FUND
- * COMMITTEE DEVELOPMENT
- * QUESTIONNAIRE FOR POTENTIAL BORROWERS
- * SUMMER MEETINGS

QUESTIONS

NEXT MEETING

RHODE ISLAND COMMUNITY LOAN FUND

July 10, 1985

AGENDA

- I. Introductions
- II. Report from Coordinator
- III. Report from subgroups
 - a) legal
 - b) questionnaire
- IV. Review of NH Loan Fund Policies
 - a) impact on RI development
- V. Planning for Fall
 - a) case histories of potential borrowers
 - b) legal subgroup
 - c) outreach
- VI. New Business
- VII. Adjournment

AGENDA

NOVEMBER 15, 1985

- * Coordinator Report
- * Questinnaire Update
- * Legal Group Update
- * Activity Areas
 - incorporation
 - by-laws
 - policies and procedures
- * New Business
- * Next Meeting

RHODE ISLAND COMMUNITY INVESTMENT LOAN FUND WORK GROUP
177 Oakland Ave. Providence, RI 02908 461-8495/351-3296

Dear Friends,

This is a community economic development(CED) survey to determine the CED finance needs of community groups and neighborhood associations in Rhode Island. We are an ad hoc group of representatives from community groups, technical assistance organizations, and religious organizations throughout Rhode Island. This group is exploring the feasibility of creating a community loan fund for financing CED projects such as low and moderate income housing, worker cooperatives, community land trusts, community development corporations and others. The loan fund can be a solid bridge between sympathetic investors and capable community groups in need of capital. Your participation in completing this questionnaire will enable us to develop a loan fund which can build an economic base for projects in our low-and moderate-income communities.

Please complete the questionnaire and send to the Work Group in care of the above address. If you have any questions about the Work Group call the coordinator at 461-8495(days) or 351-3296(nites). The Work Group needs to hear from people/organizations like yourselves if the loan fund is to be successful. Thank you for your time.

Respectively,

Ray Neirinckx, Coordinator

Rhode Island
Community Investment Loan Fund

Borrower Questionnaire

Name: _____ Title: _____
Organization: _____ Founded: _____
Address: _____ Phone: _____
_____ Zip _____
Type of Legal Entity _____ Tax Exempt: _____

1) What function does your organization/business serve in the Community? List all services.

2) Briefly describe your service area and/or population?

3) What types of financial problems has your organization experienced? (examples: interest rates, high rents, uncooperative banks, downpayments, etc.)

4) What have been your major sources of funding? (banks, foundations, government, etc.)

5) Have you ever approached a bank/s for financing? Yes___ No___
If yes, what was the response?

6) What other key public agencies and/or community groups have you worked with? What is the nature of these relationships?

7) Do you have a particular problem with financial institutions policies that prevent your organization from receiving financing? (please prioritize)

8) Briefly describe your current and future programs/services and the financing terms necessary for their success.

9) If there was a Community Loan Fund how would you utilize it?

TWO NONPROFIT MODELS OF FINANCING CED

Michael Swack

SUMMARY

Financing for CED projects and ventures is often very difficult for community-based organizations to obtain from conventional financial institutions. CBOs need more than capital; they also need technical assistance and long-term loans with flexible financing. To meet this need, nonprofit technical assistance organizations are establishing community investment funds. Two particularly interesting models, both described in this article, are the Institute for Community Economic's revolving loan fund and the New Hampshire Community Loan Fund.

In response to the substantial decrease in federal funding and financing for community projects and ventures, many states have created mechanisms for financing community-based economic development, including New Hampshire, Wisconsin, and Illinois. Recently, private organizations have also begun to develop financing mechanisms to promote community economic development.

A number of nonprofit technical-assistance providers such as the Institute for Community Economics and the Industrial Cooperative Association are beginning to offer some necessary additions to government development finance efforts. These "private" institutions have begun to recognize that effective community development financing requires providing not only capital but also technical assistance. It also requires that the terms of the financing be somewhat flexible. Because of these requirements, which differentiate community investment institutions from traditional financial intermediaries, it seems likely that community investment will remain within the realm of private nonprofit organizations with strong social purposes, technical assistance capacities, and community contacts.

THE ICE MODEL

One of the most interesting examples of community investment to appear in the last several years is the revolving-loan fund developed by the Institute for Community Economics (ICE) in Greenfield, Massachusetts. ICE is a private, nonprofit, 501(c)(3) technical-assistance organization that provides assistance to community-based organizations. ICE's major area of expertise is in the field of community land trusts and limited-equity housing cooperatives. In the course of providing technical assistance, ICE repeatedly met community organizations and projects in critical need of capital. Conventional sources of capital (banks, savings and loans, government programs), were unable or unwilling to meet this need. Late in 1979, ICE established a revolving-loan fund of its own to assist these projects. Accepting loans from socially conscious private investors, churches, and other institutions, ICE began lending these funds to various community development groups.

The model is an important one because ICE was one of the first organizations to capitalize a fund from a variety of *private* sources. It set itself up as an intermediary that could accept money from lenders who were interested in community investment but whose only option until now was to put money directly into the community. ICE organized the loan fund so that it could accept money, place loans, draw up loan documents, manage loans, and provide security to the lender. ICE receives no government money and has only recently received foundation money with which to make loans.

MICHAEL SWACK has extensive consulting and teaching experience in the area of financial institutions and development finance. He is the director of the Community Economic Development Program at New Hampshire College, president of the New Hampshire Community Loan Fund, and on the board of the Institute for Community Economics.

As of May 1984, ICE has a fund of just under \$2 million and has placed over 65 loans in 15 states. No lender to the fund has ever lost a penny. ICE has also helped a number of community groups to identify, cultivate, and package alternative sources of loan capital for land, housing, and economic development projects.

Perhaps the fund's most important function is to serve as a model of a successful, decentralized finance effort, demonstrating the possibility of such an approach and helping groups create similar funds, including the New Hampshire Community Loan Fund, described below.

I have not yet defined the term "community investment." It is difficult to define precisely, but a look at certain distinguishing features of the ICE fund should help clarify what "community investment" is.

First, one of the ICE fund's major goals is a commitment to promoting local control, economic democracy, and empowerment of low-income people. The ICE fund is targeted to those communities and projects unserved by conventional investments, such as low-income housing developments, worker cooperatives, and emergency food and shelter projects.

Second, the ICE fund targets a different set of projects, organizations, and constituencies than those that are typically funded by other kinds of "socially responsible" investments. Rather than merely avoiding negative investments — firms that do business in South Africa, defense contractors, etc. — ICE looks for positive investments. Rather than dealing in publicly traded

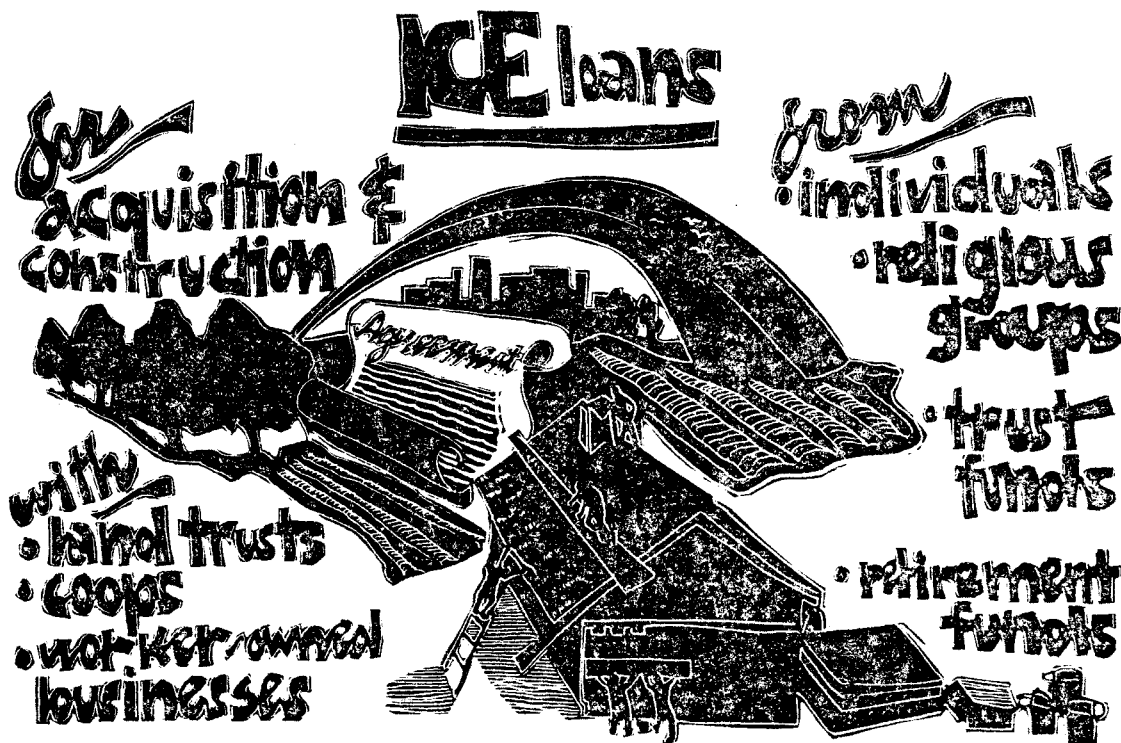
securities, ICE undertakes the costs involved in evaluating small, community-based projects.

Finally, ICE and community investors in general tend to have different structural characteristics than those of traditional financial intermediaries. ICE is a nonprofit corporation, has much lower overhead costs, and its investment terms involve an unusual amount of flexibility and diversity geared toward meeting the needs of the community group first.

THE NEW HAMPSHIRE COMMUNITY LOAN FUND

The New Hampshire Community Loan Fund (NHCLF), a nonprofit corporation providing development capital and technical assistance to community groups since 1983, is modeled after the ICE revolving-loan fund. ICE provided NHCLF with technical assistance during its start-up. The idea for a community loan fund in New Hampshire grew out of discussions among a number of interested parties within the state. The current board of directors, reflecting the diverse makeup of the participants in those initial discussions, includes attorneys, bankers, and representatives of community organizations, and religious, educational, and public-service institutions.

NHCLF differs from ICE in two major ways. First, it has a much narrower geographical scope — loans will



Bonnie Acker



Bonnie Acker

be made only in New Hampshire. Second, it was started as a community fund, *not* as a technical-assistance organization, although the NHCLF does provide technical assistance to borrowers and potential borrowers.

Borrowing from the NHCLF

New Hampshire groups considered for loans can be housing cooperatives, ventures of community development corporations, employee cooperatives, community economic development or community service ventures developed by nonprofit corporations, community land trusts, and other similar endeavors. Projects are evaluated on the basis of:

- the degree of need and the number of people to be served by the project, with priority given to projects benefiting low-income people;
- the extent to which the project provides long-term benefits;
- the loan applicant's potential ability to carry out the project;
- the loan applicant's ability to repay the loan; and
- the ability of the loan to leverage other money from public agencies, financial institutions, foundations, and other sources.

A NHCLF staff member does a preliminary screening of loan applicants, notifies ineligible applicants, and asks applicants to provide additional information, if needed. A loan application must include:

- (1) A description of the applicant organization: its legal or organizational structure, history, membership, staff, programs, land holdings, budget, assets, sources of funding, and current indebtedness.
- (2) A description of the specific purposes and the project for which the loan is requested: the nature of the project, who and how many will be directly served, the total budget, a timeline and financial plan for the entire project and for the loan repayment, a description of the type and value of collateral or security offered, and previous or planned technical assistance.

After an initial screening, applications from potential borrowers are reviewed by a loan committee of NHCLF board members. If NHCLF does not know the applicant group, one or more members of the loan committee will talk with group members and consult with others who are familiar with the group and its projects. The loan committee makes the final decision to commit a loan.

NHCLF will help organizations with their loan applications. Providing technical assistance allows NHCLF to locate qualified borrowers, evaluate their needs and capacities, and help them develop workable plans for using and repaying loans. NHCLF also monitors all loans closely since its working relationship with the borrower extends throughout the entire loan period.

Money from the loan fund may be used to buy or improve land; acquire, construct, or rehabilitate housing; develop cooperatives, commercial projects, or resources; buy tools, equipment, or supplies; and for other uses consistent with the purposes of NHCLF. Loan agreements between the NHCLF and its borrowers detail the specific uses to which the borrower may put the funds.

The terms of each loan from the fund to a community group are limited by the terms NHCLF received from the original lender. For example, if NHCLF receives a loan for five years at seven-percent interest, this money will be loaned to a community group for no more than five years at an interest rate slightly over seven percent. (The interest increase helps defray NHCLF's administrative expenses.) Schedules for loan repayments are negotiated between the NHCLF and the borrower on a case-by-case basis, with consideration given to the requirements of the original lender of the funds, the financial abilities of the borrower, and the resources of NHCLF. Although the fund does make long-term loans, an effort is made to arrange for repayment as quickly as possible so that funds will revolve more rapidly and more people can be helped.

All loans are secured with mortgages on land and housing, or liens on equipment. If the borrower fails to meet the terms of the loan, NHCLF will begin foreclosure proceedings in order to meet its obligations to its lenders. The most effective security, however, lies in NHCLF's technical assistance and in its personal relationships and communication with the borrowing group. A sense of shared commitment between the borrowers and the NHCLF, an understanding of each



A community land trust in Cincinnati received a loan from ICE's revolving loan fund that allowed it to acquire and rehab its tenth building, pictured here, prior to rehab, with the family who will make it their home.

other's responsibilities and needs, and a high degree of accountability are important characteristics of NHCLF loans.

Churches, religious communities, businesses, and other organizations, as well as individual contributors, may make loans of any size to NHCLF. Lenders to NHCLF may designate the term of their loan, interest rate, and repayment schedule. They may also place special conditions on the use of their money: geographic area, type of group or project, or even specific recipient. The NHCLF accepts loans whenever there is reasonable certainty that the funds can be placed responsibly in accordance with both the lender's wishes and the overall purposes of the NHCLF.

Loans may be made to NHCLF for periods ranging from several months to twenty years. Lenders can request interest payments ranging from none to that comparable to the yield from money-market funds. Many community groups require low-interest loans, and lenders are encouraged to consider this fact. Opportunities to effectively use higher-interest rate funds exist, however, since some groups can afford higher-interest rates despite their inability to get loans from conventional sources.

Lenders may choose: to receive interest payments regularly while deferring repayment of the principal until the end of the loan period, have the principal and interest amortized, to defer all payment until the end of the loan period, or any combination that fits their needs. In case of default, the lender's claim is on the NHCLF, not the community groups that borrow from it; all loans to community groups are secured by the NHCLF.

A lender may direct a loan through NHCLF to a specific project, and the loan fund will manage and service the loan. A tax-deductible contribution to the NHCLF covers the administrative expenses if the lender did not want the interest on the loan increased for the borrower.

CONCLUSION

Funds like the Institute for Community Economics's fund and the New Hampshire Community Loan Fund represent an important trend in financing community economic development efforts. Similar institutions are in the formative stages in other places, including Boston and Springfield, Philadelphia, and Atlanta. Although the amount of capital in their funds is now relatively very small, as these institutions increase in size and complexity they can begin to form a network capable of leveraging money from more traditional financial intermediaries. Toward this end, ICE will sponsor a conference in the late fall of 1984 in which directors and managers of community funds will gather to discuss resources and strategies. A word of warning, however: they will probably all agree that the community investment fund model is not a solution to the problem of financing community economic development. Community investment funds raise issues of capital access and economic justice that must also be addressed by the federal and state governments through action, not through cutbacks. ■

Community Economics

Number 6

Fall 1984

What Is "Community Investment?"

This issue of *Community Economics* focuses on what we at ICE have come to call "community investment." We believe it is an important subject—one that has come to represent a major program commitment for ICE over the last few years—and we want to introduce this issue by defining the term as we use it. In our view, community investment has three necessary elements.

The first element is a commitment to a place—a town, metropolis, or region—and to the people who live there. Community investment is a means of renewing and sustaining the social and economic health of a local community. It is an approach to socially responsible investment that recognizes, utilizes, and seeks to strengthen the networks of mutual support that exist within a local community.

Secondly, community investment involves a commitment to social and economic justice—without which there can be no true community. It affects the priorities that determine the allocation of capital in the community—placing the highest, rather than the lowest, priority on the capital needs of those who have been exploited or excluded by prevailing economic forces.

The third essential element of community investment is a commitment to the kinds of institutions and development that express the sense of local community and that promote social and economic justice. This means, for instance, channelling capital into community-owned and worker-owned businesses rather than into companies owned by non-working shareholders, and it means committing capital to community land trusts and limited equity coops rather than to conventionally owned land and housing with their potential for unearned profits.

It should be noted that, for most investors, community investment takes the form of loans, with fixed rates of return. In many cases equity investment is not practical, and in our view it is not appropriate in so far as it removes ownership from

workers, residents, or the community as a whole. Where community development efforts require equity capital, it is better that it come through community development corporations or other institutions representing the community or the public at large. ICE's concern with community investment has thus been primarily a concern with loan programs.

In the past, community investment was seen by most investors and investment professionals as perhaps laudable but difficult and risky. Through the work of ICE and others this view has been challenged, and is changing. There is a growing awareness that the difficulty has often been not a risk inherent in community investment but a lack of personal contact and understanding of community development efforts and a lack of the technical assistance that these efforts may require. At the same time it is clear that conventional investment institutions are not likely to acquire the contacts and knowledge needed to bridge this gap.

The ICE Revolving Loan Fund, supported by the Institute's experience, contacts and technical capability, has proven to be an economical and solid bridge between sympathetic investors and capable community groups in need of capital. Our experience in operating this fund and in working with a variety of community groups has convinced us of the need for a decentralized network of locally based community loan funds that can operate with first-hand knowledge of local needs, local people, and local organizations. We have helped to organize such a fund in New Hampshire (see C.E. #3), are currently assisting with the organization of a fund in western Massachusetts, and a fund in Boston that is being incorporated this fall and will begin operation early in 1985; and have agreed to act temporarily as fiscal agent for Philadelphia's new Bread

Continued on centerfold

Community Investment continued from cover

and Roses Revolving Loan Fund, featured in this issue.

Also in this issue, the importance of linking technical assistance to lending is dramatically illustrated by a story about the effort of a group of Washington tenants to buy their building, and ICE's effort to help them. It is a story that reveals the importance of technical capability both in protecting the fund's investment and in helping those the fund is designed to serve. □



Bonnie Acker

COMMUNITY REINVESTMENT COMPLIANCE AGREEMENT
BETWEEN
FLEET FINANCIAL GROUP, INC.
AND
THE 21 COMMUNITY REINVESTMENT ACT PROTESTANTS OF
FLEET FINANCIAL GROUP, INC.'S APPLICATION TO ACQUIRE THE
FIRST CONNECTICUT BANCORP, INC. AND THE
MERRILL BANKSHARES COMPANY

Whereas, Fleet Financial Group, Inc. (hereinafter, "Fleet") has filed an Application with the Board of Governors of the Federal Reserve System (hereinafter, "Board") to acquire the First Connecticut Bancorp (hereinafter, "FCB") and the Merrill Bankshares Company (hereinafter, "MBC"); and,

Whereas, 21 Community and Housing groups across Rhode Island (hereinafter, "Protestants") filed objections to the Application concerning the performance of Fleet;

The parties hereto (Fleet and the Protestants) do hereby enter into the following agreement, for consideration hereinafter set forth, to resolve the issues raised by the Protestants' objections:

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings:

Low/moderate income persons means individuals and/or households earning under 80% of median income for that household's size.

Cooperative Housing shall include cooperative housing corporations and other similar entities (such as community land trusts) which provide residents with some form of homeownership opportunity.

1. HOME MORTGAGE OPPORTUNITY COMMITTEE

Fleet will take the lead in reactivating the Home Mortgage Opportunity Committee (HMOC) with other financial institutions through liason with the Rhode Island Bankers Association. A representative of the Protestants will be designated as a working liason to facilitate reviving the HMOC. Furthermore, Fleet will resume inserting notices about the HMOC with rejected mortgage applications.

2. COMMUNITY LIASON COMMITTEE

Fleet will work with the Protestants to develop a Community Liason Committee. This committee shall meet quarterly to discuss common issues and concerns. Fleet will provide to the Protestants a copy of a report on its compliance with this agreement in advance of said meetings, containing in reasonable detail the quantitative and qualitative progress that Fleet is making in regards to all aspects of this agreement. Fleet's CRA officer will be responsible for this activity. Similarly, the Protestants

will provide to Fleet any information in the hands of the Protestants regarding Fleet's implementation of this agreement in advance of said meetings.

3. AUTOMATED TELLER MACHINES

Barring unforeseen circumstances, Fleet will install an automated teller machine (ATM) in its Washington Park branch by March 1, 1986.

4. DISTRIBUTION OF CRA-STATEMENT AND CRA REVIEWS.

Fleet will distribute its annual CRA Statement and Semi-Annual CRA Reviews to all interested community groups. The Protestants will provide to Fleet a list of interested community groups. Fleet may expand this list, at its discretion.

5. MARKETING OF LOAN PRODUCTS

A. Fleet will aggressively market its loan products which would assist low and moderate income homebuyers in affording homeownership, e.g. FHA/VA loans, RIHMFC loans, and any loan products developed by Fleet that are designed to meet the residential mortgage credit needs of low and moderate income persons.

B. Fleet will aggressively market its loan products that would assist low and moderate income homeowners in making home improvements, e.g. FHA Title I Home Improvement Loans and any home improvement loan products developed by Fleet that are designed to meet the home improvement credit needs of low and moderate income homeowners.

C. Fleet will aggressively market its loan products that would financially assist minority-owned, worker-owned, and cooperatively-owned small businesses, and small businesses located in economically distressed neighborhoods, e.g. the Rhode Island Business Investment Fund Program, the Revolving Loan Fund, SBA 503 program, SBA 7A program, and any loan products developed by Fleet that will meet the business credit needs of the above-cited enterprises.

D. Fleet will aggressively market its loan products that would assist low and moderate income persons afford weatherization and solarization.

E. Fleet's aggressive-marketing activities will include:

1. Fleet's making information available on loan products mentioned above at all branch locations. Fleet will provide this information in several languages.

2. Fleet's providing a loan officer to conduct homebuying seminars throughout the state to community groups and to potential non-profit sponsors of low/moderate income housing.

3. Fleet's preparing a fact sheet for insertion into newsletters of community organizations about the availability of loan products.

4. Fleet will produce advertisements featuring community people.

5. Fleet will advertise in non-English publications and media.

6. ANTI-DISPLACEMENT PLEDGE

Fleet will be sensitive to the displacement of low and moderate income persons when extending mortgage credit. The Protestants will provide to Fleet a list of neighborhoods which are experiencing or are threatened with the displacement of its low and moderate income residents.

7. OFFICER CONTACTS

Fleet will designate specific officer contacts to work closely with community groups in the areas of home improvement, residential mortgage and commercial lending. Any or all of the officers so designated shall sit on the Community Liason Committee described above.

8. RESIDENTIAL MORTGAGE PROGRAM (One to Four Units)

A. Fleet will make the following changes to its underwriting criteria for residential mortgage loans:

1. Fleet will reduce its minimum new mortgage amount to \$10,000.

2. Fleet will provide financing of up to 95% of the appraised value of the property, with appropriate insurance, for owner-occupied properties consisting of one to four units.

3. Fleet will include 75% of gross rental income based on leases or appraised value of rent.

4. In the absence of a credit history, Fleet will evaluate the credit worthiness of an applicant based on a written history of rental and other documented cash payments. Fleet will develop a form to be used by tenant mortgage applicants to give to their landlords to verify the applicant's satisfactory rental payment history.

5. Fleet shall include as part of the applicant's effective gross income all income of the applicant and the applicant's spouse, including income from overtime, part-time and second jobs that is reasonably stable and will most likely continue.

i. SECOND JOBS

Income from second (and third, etc.) jobs shall be included in the applicant's gross income if the applicant has had, over the last two years a second job, or, if the applicant can demonstrate the likelihood of keeping a second job. The fact that an applicant's second job employer changed during the two year period preceeding the mortgage application shall not adversely affect the application unless:

- (1) the applicant left his/her job for reasons relating to the applicant's job performance; or
- (2) the applicant's first job employment history reveals an unstable employment record.

ii. JOB CHANGES

Recent arrivals to this country often change jobs more frequently than long-time residents. In evaluating mortgage applications of recent arrivals, Fleet shall liberally construe such changes as changes for advancement, and such changes shall be considered in a favorable manner.

6. Labor performed by a borrower to improve real estate securing a loan, to the extent that it increases the value of the property, shall be considered as equivalent of a cash investment for the purpose of calculating loan-to-value ratios, consistent with Fleet's appraisal standards.

Fleet shall provide to the Protestants a copy of its new underwriting standards which incorporate the six points above.

B. Fleet shall offer the following residential mortgage and home improvement loan products to qualified borrowers:

1. FHA and VA mortgage loans.
2. FHA Section 203(k) purchase-rehab loans.
3. FHA Title I Home Improvement Loans.
4. RIHMFC mortgage loans.
5. Any municipally-subsidized mortgage or home-improvement loans.
6. Weatherization and solarization loans made in conjunction with existing State and Federal subsidized programs.

The above loan products will be targeted to low and moderate income persons and low and moderate income communities in the following manner:

- a. 30% of the loans originated shall be made to **low/moderate income persons who reside or purchase a home in areas currently designated as qualifying areas under the Governor's Neighborhood Revitalization Area Program.**
- b. 20% of the loans originated shall be made in all other areas, provided the loans are originated to **low/moderate income persons.**

In the event that any of the above government subsidized loan products are discontinued, Fleet shall develop replacement loan products to meet the credit needs of low/moderate income buyers previously served by those loan products. In the alternative, Fleet will increase its lending to low/moderate income borrowers by targeting larger proportions of any remaining **appropriate** subsidized loan products, according to the above targeting formula.

As soon as possible, Fleet will develop lending goals for each of the above enumerated loan products, reflecting the amount of loans Fleet expects to make to the targeted groups and areas.

9. MULTI-FAMILY LOAN PROGRAM (Five units or more)

Fleet shall provide construction and permanent financing to certain sponsors of multi-family housing projects for low and moderate income families on terms favorable to those sponsors.

A. Eligible properties for this program include owner-occupied multi-family dwellings (5-8 units), cooperatively owned projects, and rental properties designed for low and moderate income families, including public housing projects.

B. Eligible sponsors (i.e. borrowers) under this program shall include non-profit housing or community development corporations, owner occupants of 5-8 unit structures, cooperative housing corporations (blanket mortgages) or cooperative housing members (share loans).

C. Construction financing will be provided for both rehab and new construction.

D. Fleet shall allow the sponsor (i.e. borrower) to assume the role of general contractor for purposes of making construction financing available.

E. Loan pricing in this program should be flexible. Loan pricing is, by its very nature and practice, a creative aspect of the lending business. Fleet shall endeavor to make available very favorable prices on loans for this program. "Favorable pricing" shall include, but not be limited to waived points, bank fees waived or charged on a "fee for service basis" only, below-market adjustable rate and fixed rate loans, etc.

F. Fleet shall not refuse to make loans to eligible sponsors under this program solely because Fleet will not be able to market those loans on the secondary mortgage market. Fleet will endeavor to keep such "unmarketable" loans in its loan portfolio.

G. Fleet shall use mutually acceptable appraisers when evaluating the feasibility of projects presented by eligible sponsors.

H. Fleet shall agree to a lending goal of \$75,000,000 for this program, including:

\$25 Million for substantial rehabilitation loans to finance rehabilitation of vacant/abandoned properties. Once rehabilitated, property must house low/moderate income persons.

\$30 Million for construction loans for newly constructed rental or cooperative housing units for low/moderate income persons.

\$30 Million for tenant assistance loans. These loans would be made to tenant-initiated purchase and/or rehab of larger (25 plus units) multi-family projects. Loan proceeds could be used, for example, to finance a cooperative conversion of rental property now housing low/moderate income persons.

10. RHODE ISLAND HOUSING PARTNERSHIP

Fleet will take a leadership role in setting up the Rhode Island Housing Partnership. The Partnership will be a separate non-profit corporation, whose board of directors will be composed of member bank officials, community groups and interested government agencies. The Partnership's operating budget will be

funded by the member banks. Fleet pledges to provide funding to the Partnership for two professional staff salaries and a portion of the Partnership's operating expenses for the duration of this agreement.

The Partnership's staff will market member banks' loan products for low and moderate income housing development. The staff will also provide technical assistance to potential borrowers in preparing loan proposals, and in other phases of the borrowers' development process. The Partnership's staff will provide to residents and long-term tenants in areas threatened by displacement counselling to consider the possibility of purchasing the home, or cooperatively, the apartment in which they are living in.

Until the Partnership is operational, Fleet will provide the same services in-kind, or contract with qualified individuals or organizations to provide those services.

11. SMALL BUSINESS LOAN PROGRAM

A. Fleet agrees to participate in government-sponsored programs such as SBA, the Rhode Island Business Investment Fund and other local, state or federal programs that foster the economic and commercial growth and development of low and moderate income communities across Rhode Island.

B. The Community Liason Committee, described above, and the Protestants will, from time to time, review and assess current lending practices of Fleet to small business, especially in low and moderate income communities.

C. Fleet shall disclose to the Protestants from time to time the number and dollar amount of small business loans by census tract, for all census tracts in Rhode Island.

D. Market studies of neighborhood commercial centers shall be undertaken by Fleet to ascertain the credit needs of the aforementioned areas.

E. Fleet shall provide short term working capital loans and long term loans to all small businesses in Rhode Island, including minority-owned, worker owned cooperatively-owned and non-profit small businesses.

12. ASSISTANCE TO NON-PROFIT AND COMMUNITY BASED ORGANIZATIONS

Fleet shall study ways to provide direct financial and technical assistance to non-profit and community based organizations in ways that promote the self-sufficiency of those groups. Assistance shall include both grants and in-kind assistance. Fleet's charitable contribution committee will seek to fund proposals which further the implementation of this agreement.

13. IMPLEMENTATION OF THIS AGREEMENT

Fleet will appoint a full-time member of its Residential Mortgage staff as the bank's representative who will actively with local community groups in the development of the programs spelled out in this agreement. This individual will be recognized as the bank's Community-Reinvestment Act officer by the Protestants. **Additionally, Fleet shall incorporate this agreement into its Community Reinvestment Act Statement. and insert a copy of this agreement into its Community Reinvestment Act Public Comment File.**

14. DURATION OF AGREEMENT

This agreement shall remain in full force and effect until such time as it is modified, changed or amended or terminated in writing by unanimous consent of Fleet and the Protestants, provided, however, that the parties agree that on March 1, 1989 or thereafter any party may terminate this agreement by giving six months notice to the other parties, and provided further that the parties agree that on or before March 1, 1989 this agreement should be extended and/or modified, amended or changed.

15. INDEMNIFICATION

Fleet agrees to indemnify the Protestants for all costs and expenses (including reasonable attorney fees) incurred by the Protestants in connection with any court proceeding the Protestants commence to enforce the terms of this agreement upon the ultimate finding of the court that Fleet materially and substantially breached the terms or conditions of this agreement.

16. COVENANT

This agreement shall be incorporated into Fleet's application to acquire FCB and MBC prior to the Board's approval of the application. In consideration of the mutual agreements stated herein, the incorporation of this Agreement into Fleet's application prior to the application's approval and for Fleet's execution and compliance with this agreement, the Protestants shall withdraw any objections filed to the application and support the application of Fleet to acquire FCB and MBC.

IN WITNESS WHEREOF, the Parties have, this ___ day of _____, 1986, at Providence, Rhode Island hereto set their hands and affixed their seals, agreeing that this agreement shall take effect as a sealed instrument.

LENDING GOALS FOR VARIOUS CRA-RELATED ACTIVITIES TO BE UNDERTAKEN BY FLEET NATIONAL BANK OVER THE NEXT THREE YEARS

<u>AMOUNT</u>	<u>ACTIVITY</u>
	<u>Residential Mortgage Program (1-4 units)¹</u>
\$45,000,000	RIHMFPC mortgage loans to low/moderate income ² persons
\$20,000,000	FHA/VA mortgage loans to low/moderate income persons
\$65,000,000	TOTAL Residential Mortgage Program for low/moderate income persons
	<u>Home Improvement Loans</u>
\$10,000,000	Title I FHA Home Improvement Loans for low/moderate income persons
\$10,000,000	Section 203(k) Home Improvement Loans for low/moderate income pers
\$20,000,000	TOTAL Home Improvement Loan Program for low/moderate income person
\$15,000,000	Low cost ³ weatherization/solarization loans for residential properties.
\$12,500,000	Low cost ³ loans to minority-owned, worker-owned or cooperatively-owned small businesses, and to small businesses located in economically distressed neighborhoods.
	<u>Rhode Island Housing Partnership⁴</u>
\$25,000,000	Substantial rehabilitation loans to finance rehabilitation of vacant/abandoned properties. Once rehabilitated, property must house low-moderate income persons. Eligible projects are described in <u>CRA-Solutions</u> paragraph 1. B. (as eligible properties).
\$30,000,000	Construction loans for newly constructed rental or cooperative ⁵ housing units for low/moderate income persons. Eligible borrowers are described in <u>CRA Solutions</u> , paragraph 1.C.
\$30,000,000	Tenant Assistance Loans (new loan product). These loans would be made to tenant-initiated purchase or rehab of large (50 plus units) multi-family developments. Loan proceeds could be used, for example, to finance a cooperative conversion of rental property now housing low/moderate income persons.
\$ 2,500,000	Technical Assistance to fund operations of the Housing Partnership, and to implement this CRA Program. Assistance may provided in-kind
\$87,500,000	TOTAL Contribution to Rhode Island Housing Partnership
\$200,000,000	TOTAL dollar commitment of Fleet National Bank over a three year period to its CRA Program

NOTES

1. In the event that any of the government programs noted in this section are discontinued, Fleet will develop a below-market interest loan product to meet the lending goals for this program.

NOTES (Continued)

2. Low/moderate income persons shall include persons earning under 80% gross median income.
3. The term "low cost" is explained in CRA Solutions paragraph 1.F. under loan pricing.
4. The "Partnership" concept is outlined in CRA Solutions paragraph 4. Information on the Boston Housing Partnership is enclosed. Information on the Chicago Housing Partnership was given to Ms. Szostak at the November 15th meeting.

Fleet's commitment of \$85,000,000 worth of loans will be allocated in the following manner:

- A. 60% of the loans (measured in dollar amounts) shall be made in the areas now part of the Governor's Revitalization Program administered by RIMMFC.
 - B. 40% of the loans shall be made in all other areas, provided that the project receiving financing houses low/moderate income persons.
 - C. 25% of all loans (under both A & B) will be made to newly-incorporated community based/non profit housing developers.
 - D. Not more than 10% of Fleet's total commitment to the Partnership can be loaned to one project or developer.
5. Cooperative housing projects shall include projects that provide some form of homeownership opportunities to low/moderate income persons.

Fleet National Bank

M. Anne Szostak
Senior Vice President

December 18, 1985

Mr. Steven Fischbach
Chief, Housing Division
Providence Human Relations Commission
40 Fountain St.
Providence, R.I. 02903

Dear Mr. Fischbach:

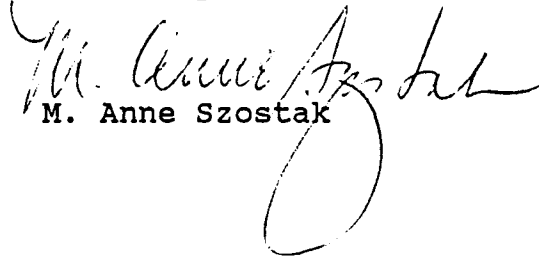
Terry Murray, Mike Keselica, Hank Kowalski, and I welcomed the opportunity to meet with the 21 CRA Protestants on Friday, December 13, 1985. In addition to the 20 steps which we outlined in our letter of December 9, we are pleased to inform you that we are prepared to implement the following immediately:

1. Home Mortgage Opportunity Committee (HMOC). Fleet will take the lead in reactivating the committee with other financial institutions through liaison with the Rhode Island Bankers Association. As discussed, it is requested that a representative of your group be designated as a working liaison to facilitate reviving the HMOC.
2. Fleet will meet with the proposed Community Liaison Group on a quarterly basis.
3. It is expected, barring unforeseen circumstances, that the ATM at Washington Park will be installed by March 1, 1986.
4. Fleet will distribute its annual and semi-annual CRA statements to all interested Community Groups.
5. Fleet will vigorously investigate programs to provide viable financing vehicles for multi-family units. Fleet will arrange meetings with local officials of HUD to discuss mechanisms and procedures to participate in HUD's Cooperative Housing Program (Section 213).
6. Fleet will determine procedures and criteria required to participate in Title I FHA Home Improvement loans. Goals will be developed for this program when procedural and qualifying guidelines are known.
7. Fleet will offer weatherization/solarization loans in conjunction with existing State and Federal subsidized programs. Goals will be developed assuming agreement is made with appropriate State and Federal officials offering these programs.

-3-

Because we received your proposed goals only three business days ago, we were unable to specifically respond to every goal due to our need to research some of the proposed programs. We do believe that the steps outlined in this letter and in our letter of December 9, 1985 will provide tangible evidence of Fleet's strong commitment to the community. We sincerely look forward to working in partnership with you and other community members to ensure the timely implementation of these positive programs.

Sincerely,



M. Anne Szostak

MAS/bjc

cc: William Spring
William Wiles
MURAG

Fleet National Bank

December 9, 1985

M. Anne Szostak
Senior Vice President

Mr. Steven Fischbach
Chief, Housing Division
Providence Human Relations Commission
40 Fountain St.
Providence, R.I. 02903

Dear Mr. Fischbach:

We appreciated the opportunity to meet with you and members of your organization at John Hope Settlement House on Friday, December 6, 1985 to elicit further information on "Proposed Solutions to Community/Housing Groups CRA Concerns."

Your letter of December 6, 1985 which was given to me at the meeting states in part --- "The CRA Protestants have made their positions clear, and in all fairness, Fleet should similarly make its positions clear." During the course of the meeting, we indicated our strong support for many of the general issues cited in the "Proposals."

The decision of the Committee not to provide the enclosure to your letter of December 6, 1985 - "Lending targets for various CRA related activities/to be undertaken by Fleet National Bank" until after the meeting with J. Terrence Murray precludes meaningful specific comments on several issues. Fleet is committed to working with your organization, as we have with others, in meeting the needs of the community. Even though we did not receive the target numbers, we are prepared to immediately implement the following action steps as evidence of our good faith:

1. In conjunction with the community, Fleet will take a leadership role in reviving and expanding the Home Mortgage Opportunity Committee (HMOC).
2. Fleet will work with the community to adopt a community liaison committee to the Bank. This group will meet periodically to discuss common issues and concerns.
3. Fleet will install an ATM in its Washington Park Office in order to allow customers access to the Bank "24 hours" a day.
4. Fleet will aggressively market its loan products which would assist low and moderate income homebuyers in affording home ownership, i.e. FHA/VA loans, RIHMFC loans etc.
5. Fleet will make information available on loan products mentioned above at all branch locations. Fleet will provide this information in several languages.

6. Fleet will provide a loan officer to conduct homebuying seminars throughout the state to community groups and to potential non-profit sponsors of low/moderate income housing.
7. Fleet will prepare a fact sheet for insertion into newsletters of community organizations about the availability of loan products.
8. Fleet will study ways to provide technical assistance to community groups to promote self-sufficiency.
9. Fleet will designate specific officer contacts to work closely with community groups in the areas of home improvement, residential mortgage, and commercial lending.
10. Fleet will be sensitive to displacement of low and moderate income persons when extending residential credit.
11. Fleet will provide construction financing for both rehab and new construction loans.
12. Fleet will use mutually acceptable appraisers when evaluating the feasibility of specific projects presented by eligible sponsors.
13. In order to increase home ownership opportunities, Fleet has recently met with officials of HUD to actively participate in the FHA 203K program which provides for the purchase and renovation of residential properties.
14. Fleet will reduce its minimum new mortgage amount to \$10,000.
15. Fleet will continue its policy to provide financing of up to 95% of the appraised value of the property, with appropriate insurance.
16. Fleet will continue its policy to include overtime, part-time, and second jobs as part of the applicant's gross income within the parameters noted in the CRA Protestants' document.
17. As we presently do, Fleet will include 75% of gross rental income based on leases or appraiser's value of rent.
18. In the absence of a credit history, Fleet will evaluate the credit worthiness of an applicant based on a written history of rental and other documented cash payments.
19. Fleet's Charitable Contributions Committee will review proposals of community groups which seek funds for specific purposes.
20. Fleet will include all of the above programs in the next semi-annual CRA statement.

-3-

I am sure that the above effectively addresses many of your concerns. We continue to feel committed to further discussions regarding some of your concerns which we did not address in this letter. After we receive a copy of the unavailable "Lending Targets", we will be able to provide a meaningful response to the outstanding issues.

Sincerely,


M. Anne Szostak

MAS/bjc

cc: William Spring
William Wiles
MURAG

PROPOSED "SOLUTIONS" TO COMMUNITY/HOUSING GROUPS CRA CONCERNS

1. Fleet shall provide construction and permanent financing to certain sponsors of multi-family housing projects for low and moderate income families at terms favorable to those sponsors.

A. Multi-family project refers to projects involving three (3) or more units.

B. Eligible properties for this program include owner-occupied dwellings(for small multifamily projects), cooperatively-owned projects, and rental properties designed for low and moderate income families, including public housing projects.

C. Eligible sponsors (i.e.borrowers) under this program shall include non-profit housing or community development corporations, owner-occupants or small multifamily projects, cooperative corporations(blanket mortgages) or cooperative members(share loans).

D. Construction financing shall be made available for both rehab and new construction.

E. Fleet shall allow the borrower(i.e. non-profit sponsor,individual(s) or cooperative) to assume the role of general contractor for purposes of making construction financing available.

F. Loan pricing in this program should be flexible. Loan pricing is, by its very nature and practice, a creative aspect of the lending business. Fleet shall endeavor to make available very favorable prices on loans for this program. "Favorable terms" shall include reduced or waived points, bank fees waived or charged on a "fee for service basis" only, below-market adjustable rate and fixed rate mortgages,etc.

G. Fleet shall not refuse to make loans to eligible borrowers solely because it will be unable to market such loans on the secondary mortgage market. Fleet will endeavor to keep such "unmarketable loans" in its loan portfolio.

H. Fleet shall use mutually acceptable appraisers when evaluating the feasibility of projects presented by eligilible sponsors.

2. When certain sponsors (See #1.C above) of multi-family housing projects approach Fleet for financing of these projects, Fleet shall identify a high-level person in either the mortgage or commercial lending department to serve as a

liason between the bank and the sponsor.

A. This person shall be made available to the sponsor at the earliest practical time.

B. This person shall have the power to make a decision on whether or not to finance the proposed project.

C. Should the bank decide to finance the project, the bank shall make available its technical resources to the sponsor, as needed and without charge.

3. Fleet shall take a leadership role in reviving and expanding the Home Mortgage Opportunity Committee (HMOC).

A. Fleet shall reaffirm its commitment to participate in the HMOC.

B. Fleet shall make available copies of its mortgage underwriting standards prior to the conclusion of negotiations with community/housing groups.

C. HMOC shall function on a state-wide basis.

D. The existence and purposes of HMOC shall be included in all loan rejection notices.

E. Where the HMOC determines that a loan applicant was unjustifiably turned down for a loan, the HMOC shall be empowered to arrange some kind of financing package for such applicants.

i. First, HMOC shall refer the rejected loan back to the original bank, with an explanation of its rationale for questioning that bank's decision.

ii. Where the original bank still refuses to approve the loan, the HMOC shall attempt to place the loan with another bank participating in HMOC.

iii. Alternatively, the applicant could be referred to the Rhode Island Community Loan Fund (now being established) for financing. Fleet shall along with other banks, determine how to contribute to the Loan Fund.

In all cases, HMOC shall counsel rejected loan applicants, by providing them with both technical assistance and alternative sources of financial assistance.

4. Fleet shall take a leadership role in contacting those financial institutions and foundations that operate in Rhode Island to establish a fund of low-cost money to finance low and moderate income housing projects (See 1.B. above). Fleet

shall report back within thirty (30) days on the progress it has made.

A. This fund is envisioned to function as a public-private partnership, along the lines of the Boston and Chicago Housing Partnerships.

B. This fund shall be controlled, in part, by community groups/housing advocates.

5. Those points that Fleet finds acceptable and agrees to undertake shall be closely and jointly monitored.

A. Fleet shall amend its CRA Statement and incorporate the "Acceptable Points" into its CRA Statement.

B. The monitoring committee shall be established within ? days of the bank's acceptance of this CRA program, and the committee shall consist of community groups/housing advocates, Fleet's CRA personnel and high level personnel charged with implementing this agreement.

6. Fleet shall pledge that it will be sensitive to displacement of low and moderate income persons when extending residential credit, including a pledge not to make loans to individuals known to be speculators.

A. Speculators could be detected by asking prospective borrowers about the number of properties they bought and/or sold within the last year.

7. Fleet shall aggressively market those loan products that would assist low and moderate income homebuyers afford homeownership; i.e. FHA/VA loans, RIHMFC loans, etc.

A. Information on these loan products shall be made available at all branch locations, and shall be written in several languages (Spanish, Hmong, Lao, Cambodian, Vietnamese, French, Portuguese, Italian, etc.).

B. Fleet shall designate a travelling loan officer to conduct homebuying seminars throughout the state, and to potential non-profit sponsors of low/moderate income housing. Fleet shall also sponsor or host seminars relating to tenant management of rental and cooperative housing.

C. Fleet shall prepare a fact-sheet for insertion into newsletters of community organizations about the availability of loan products.

8. Fleet shall study ways to provide direct financial and technical assistance to community groups in ways that promote self-sufficiency of those groups.

A. Assistance shall include both grants and in-kind assistance.

B. Fleet's charitable program criteria should be evaluated to improve its effectiveness.

CRA PROTESTANTS' PROPOSED REVISIONS TO FLEET'S UNDERWRITING CRITERIA

1. Fleet shall eliminate all minimum mortgage amounts for home mortgage loans.
2. Fleet shall reduce the required downpayment on multi-family housing mortgages in the following manner:
 - a. For owner-occupied 3-4 family loans, the downpayment shall be reduced from 10% to 5%.
 - b. For non-owner occupied loans on 3-4 family properties, the downpayment shall be reduced from 20% to 10% if the borrower is purchasing his/her second home, and the borrower lives either in the same or an adjacent census tract as the property.
3. In calculating loan to value ratios, Fleet shall include sweat equity labor in the value of the property, to the extent such labor increases the value of the property: i.e. sweat equity shall be treated as the equivalent of a cash investment when calculating loan to value ratios.
4. Fleet shall include as part of the applicant's effective gross income all income of the applicant and the applicant's spouse, including income from overtime, part-time and second jobs that is reasonably stable and will most likely continue.
 - A. Second Jobs:

Income from second (and third, etc.) jobs shall be included in the applicant's gross income if the applicant has had, over the last two years a second job, or, if the applicant can demonstrate the likelihood of keeping a second job. The fact that an applicant's second job employer changed during the two-year period preceding the mortgage application shall not adversely affect the application unless:

 1. The applicant left his/her second job for reasons relating to the applicant's job performance; or
 2. The applicant's first job employment history reveals an unstable employment record.
 - B. Job Changes:

Recent arrivals to this country often change jobs more frequently than long-time residents. In evaluating mortgage applications of recent arrivals, Fleet shall liberally construe such changes as changes for advancement, and such changes shall be considered in a favorable manner.
5. Fleet shall include rental income that will be earned on the mortgaged property in the applicant's effective gross income, so long as the borrower can verify the source of this income.
6. Where a credit report is not available for a mortgage applicant, Fleet shall determine the creditworthiness of such an applicant by the applicant's history of rental payments. Where such an applicant pays rent in cash and

6. does not obtain rent receipts from the landlord, Fleet shall contact the landlord or the landlord's rental agent to verify the applicant's history of rental payments.
7. Fleet shall consider waiving the "no gift/loan proceeds for downpayment" requirement when making share loans to members of limited equity housing cooperatives where either the cooperative or the developer of the cooperative arranges grants and/or loans for the cooperative's members' downpayment.
8. Fleet shall provide to the CRA Protestants copies of any changes to existing mortgage underwriting criteria in a timely fashion.



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

October 30, 1985

Mr. Raymond Neirinckx
Rhode Island Community Investment
Loan Fund Work Group
177 Oakland Avenue, #2
Providence, Rhode Island 02908

Dear Mr. Neirinckx:

This refers to my letter of October 23, 1985, denying your request for an extension of the comment period with regard to certain applications filed by Fleet Financial Group, Inc. Based on subsequent requests by other parties the comment period for those interested in commenting on these applications has been extended to November 15, 1985.

Very truly yours,

A handwritten signature in cursive script, appearing to read "James McAfee", is written above the typed name.

James McAfee
Associate Secretary

cc: FRB Boston

RHODE ISLAND COMMUNITY INVESTMENT LOAN FUND WORK GROUP
177 Oakland Ave. Providence, RI 02908 (401) 351-3296

Novemeber 4, 1985

Mary O'Hara
MURAG
3710 Washington St.
Boston, MA 02130

Dear Mary,

As a member of the Housing Advocates group and coordinator of the Loan Fund work group, I am particularly interested in assessing the participation of area banks in regard to mortgages that are denied to low-income people. The work of MURAG in the Mortgage Review Board is well known to many of us in Rhode Island. Therefore, I request any information you could share with us in reconstituting our dormant Home Mortgage Opportunity Committee.

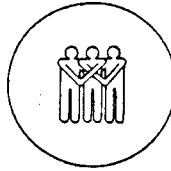
I look forward to working with you in the future.

Sincerely,

Ray Neirinckx,
Loan Fund Coordinator

JOSEPH T. FOWLKES, JR.
EXECUTIVE DIRECTOR

EDWARD R. WATTS
CHAIRPERSON



JOSEPH R. PAOLINO, JR.
MAYOR

Providence Human Relations Commission

"Building Pride In Providence"

November 5, 1985

Mr. J. Terrence Murray
Chairman and President
Fleet Financial Group, Inc.
50 Kennedy Plaza
Providence, Rhode Island 02903

Dear Mr. Murray;

On behalf of the housing and community groups listed below I am writing to request a meeting with you to discuss our Community Reinvestment Act-related concerns raised by Fleet Financial Group's application to acquire two out-of-state bank holding companies.

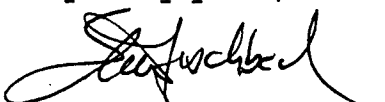
Over the past several weeks a number of housing and community groups have begun a review of Fleet's compliance with the Community Reinvestment Act. The preliminary results of this review indicate that there are several housing credit needs in low and moderate income communities that Fleet has not adequately met. Among our chief concerns are Fleet's failure to make housing loans to multifamily projects, a comparatively low volume of conventional loans in several low and moderate income census tracts, the closing of a bank branch in a low income and minority neighborhood of Providence and lack of access on the part of non-profit sponsors of low and moderate income housing projects to Fleet's financial and technical resources. Furthermore, many of the housing and community groups feel that some of Fleet's lending policies tend to reinforce some of the concerns noted above.

As housing and community groups we feel we are in a position to suggest to Fleet ways in which it can best comply with CRA's "continuing and affirmative obligation to help meet the credit needs of the local communities in which they are chartered." Prior to the meeting proposed herein, the various signatories of this letter would like the opportunity to review Fleet's underwriting standards for residential mortgages. At the meeting we hope to present concrete proposals to enable Fleet to become Rhode Island's largest community reinvestment resource.

We look forward to the favor of an early reply. Kindly direct any communications to my attention.

Thank you for your cooperation in this matter.

Very truly yours,


Steven Fischbach, Esq.
Chief, Housing Division

This letter has been endorsed by the following housing and community organizations:*

Cambodian Society of Rhode Island
Church Community Corporation
Capitol Hill Interaction Council, Housing Program
Elmwood Neighborhood Housing Services
Fox Point Neighborhood Housing Corporation
Hmong-Lao Unity Association
Indochinese Advocacy Project
Project B.A.S.I.C.
Providence Human Relations Commission
Rhode Island Community Investment Loan Fund Work Group
South County Community Action, Self-Help Housing Program
Stop Wasting Abandoned Property

*The number of organizations endorsing this letter is expected to grow.

cc: William Wiles, Federal Reserve, Washington D.C.
William Spring, Community Affairs Officer, Federal Reserve, Boston, MA.
MURAG
Endorsing Organizations

P.S. Kindly insert a copy of this letter in your Community Reinvestment Act file.

G. Community Reinvestment Act.

Fleet recognizes its responsibility to meet the credit needs of local communities, including low- and moderate-income neighborhoods, consistent with safe and sound banking practices. Pursuant to the Community Reinvestment Act of 1977 (the "CRA"), FNB has prepared and makes available copies of a "Community Reinvestment Act Statement" (the "FNB CRA Statement") at each of its branches. A copy of the FNB CRA Statement is set forth in Exhibit F, in the Exhibit Volume. The FNB CRA Statement describes the "Affirmative Action Lending Activities" of FNB which have been taken and which evidence FNB's continued efforts to make credit available to all consistent with sound banking practices.

Both FCB and Merrill have taken substantive and affirmative steps to meet the credit needs of their communities. See, copy of FCB CRA Statement and Merrill CRA Statement set forth in Exhibit F of the Exhibit Volume. Fleet believes the FCB and Merrill CRA Statements set forth steps which adequately respond to credit needs of the communities served by each that are consistent with sound banking practices.

Fleet does not propose to take any additional steps beyond those described in the FCB and Merrill CRA Statements to meet the credit needs of local communities served by FCB and Merrill, but to continue the firm commitment of FCB and Merrill to the goals and purposes of the CRA.

It is likely, however, that the increased credit capacity of FCB and Merrill (and to a lesser extent FNB) as a result of the proposed acquisitions may permit expanded efforts to meet community credit needs since Fleet's post-merger capital base may offer greater

000045

opportunities to spread risk. Secondly, FNB's expertise in consumer oriented banking services and the experience of FFI-DEL, FFI-RI and FMC in consumer and residential lending will enable FCB and Merrill to better meet community credit needs.

FLEET NATIONAL BANK

COMMUNITY REINVESTMENT ACT STATEMENT

1. Delineation of Local Communities and Entire Community

The map which is part of this statement delineates the retail branch system of Fleet National Bank (referred to hereafter as Fleet) and the ten local communities which make up Fleet's entire community. More than one branch frequently serves each local community, because of the large number of Fleet branches within a relatively small geographic area. In one case there are as many as ten branches serving one local community. The types of credit referred to are available to residents of or to finance enterprises or projects located throughout each local community, including low and moderate income neighborhoods, consistent with Fleet's safe and sound operation. Fleet operates 45 branches in the state of Rhode Island.

2. Types of Credit Available

Fleet makes available throughout all of its local communities the widest variety of personal loans, including, without limitation, automobile loans, boat loans, direct consumer loans, first mortgage loans (including construction, federally insured and guaranteed, privately insured and conventional) on 1 to 4 family dwellings, condominiums and multi-family dwellings, home improvement loans, loans secured by savings, mobile home loans (including federally insured and conventional), personal unsecured loans (including Master Card, VISA, and overdraft checking privileges), second mortgage loans, small personal loans and student loans.

Each branch also makes available throughout its local community a wide variety of loans to small businesses, including both secured and unsecured loans and loans guaranteed by the Small Business Administration.

As a large commercial bank, Fleet also makes large commercial loans within its entire community and throughout New England, the United States and abroad. These loans are originated by our Commercial Banking Division located at our Main Office at 111 Westminster Street, Providence, Rhode Island 02903.

3. Affirmative Action Lending Activities

Fleet, in the past, has taken many affirmative steps to assure the full availability of credit within all local communities served by its branches. This includes housing, automobiles and other consumer needs, small business loans and fiscal services to state and local municipalities to assist in supplying a wide range of services for all residents. To illustrate:

- A. Fleet is a member of a Home Mortgage Opportunity Committee which consists of representatives from several banks, civic

action groups and the real estate brokerage community and provides an impartial forum in which any mortgage loan applicant who believes his application was turned down because the property was located in a depressed area may have his complaint heard.

- B. Fleet is a member of a neighborhood housing services group, with respect to the Elmwood section of Providence, through which it has committed to make conventional mortgage loans and property improvement loans in order to help rehabilitate this area.
- C. Fleet has similarly participated in financing the rehabilitation of the South Providence minority area through the abandoned property rehabilitation branch of a neighborhood organization. Fleet has also been a major lender with respect to numerous commercial and residential projects in urban renewal areas throughout the State.
- D. Fleet has been one of the largest participants in programs of the Rhode Island Housing and Mortgage Finance Corporation, an independent authority created by the State, through which Fleet has originated millions of dollars in mortgage loans to low and moderate income families, and for construction of low income multi-family housing projects. Unlike other local banks, Fleet permits rehabilitation loans under the RIHMFC program. Fleet is also the only substantial originator in the State of FHA insured and VA guaranteed mortgage loans.
- E. Fleet has sponsored and hosted several home-buyers' forums and seminars and participated in the financing and distribution of several pamphlets relating to the advantages of urban living.
- F. Fleet has signed a HUD Voluntary Affirmative Action Agreement reaffirming its commitment to non-discriminatory lending practices.
- G. Fleet has focused much attention on the credit needs of small businessmen. It is an active participant in loans guaranteed by the Small Business Administration ("SBA"), and is one of only 250 participants nationwide in the SBA Bankers Certification Program under which it may commit the SBA guarantee without prior SBA review. Fleet has specialty sections in support of the jewelry and commercial fishing industries, both of which are vitally important to the economy of the area. The Bank also works with local development companies and State agencies in providing commitments to allow local companies to expand, and to attract new industry in the State.
- H. Fleet is the largest originator in the State of low interest student loans guaranteed by the Rhode Island Higher Education Assistance Authority in order to help meet the educational needs of Rhode Islanders.

- I. To meet the needs of the State and local cities and towns in raising funds to provide a variety of services for local residents, Fleet has historically been the largest underwriter of municipal obligations issued to finance these services. Fleet also serves as financial advisor to 28 of the 39 cities and towns in Rhode Island, as well as the State of Rhode Island itself.
- J. Fleet has for many years maintained regional boards throughout the State, composed of prominent business leaders in each region, to help ascertain the credit needs of all of its local communities. There are presently seven such boards. Each board meets on a regularly scheduled basis with Fleet's regional managers, as well as with representatives of senior management.

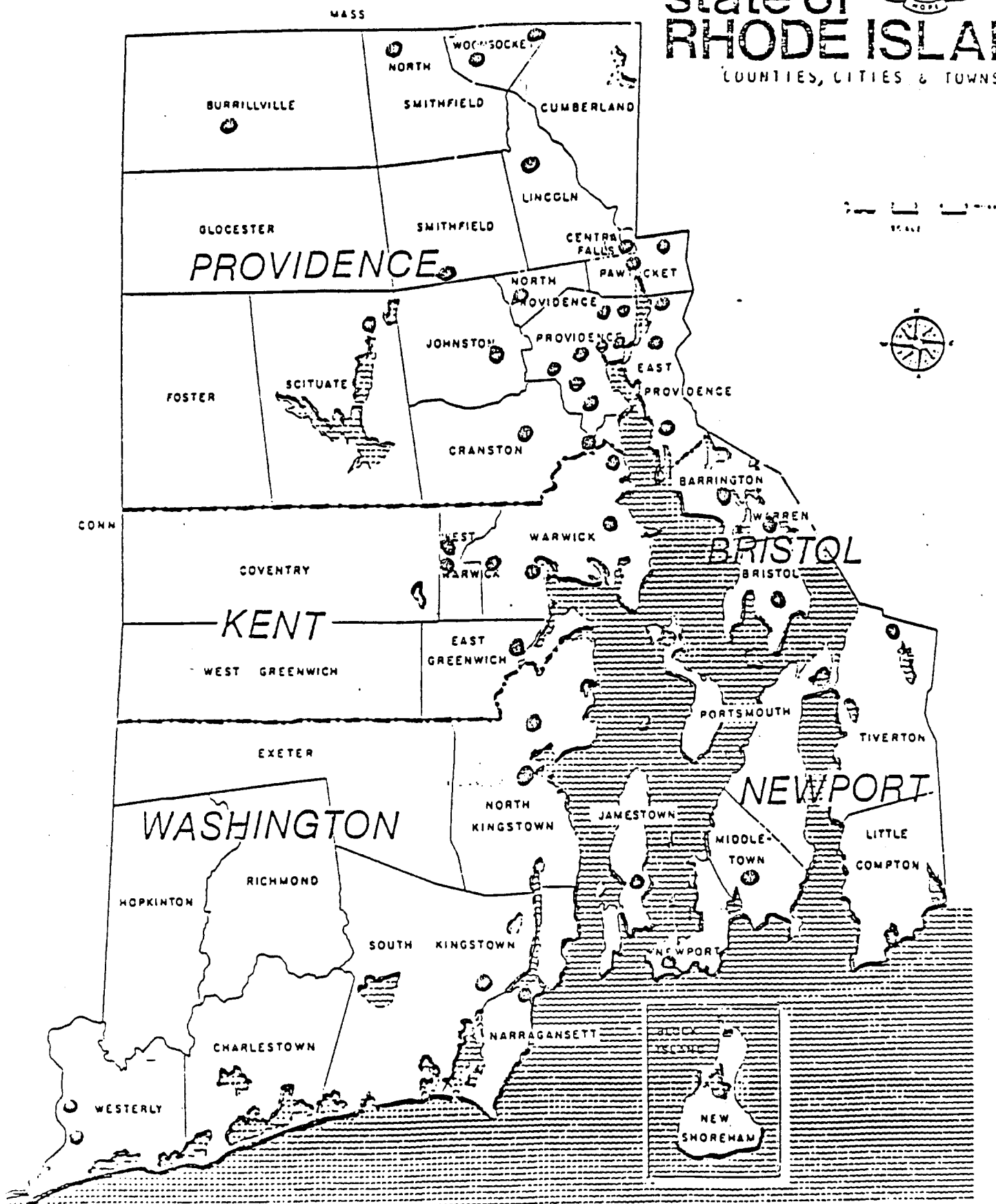
Fleet engages in widespread advertising of its various consumer lending activities throughout its entire community through the two statewide newspapers of general circulation, television and radio commercials, and numerous local newspapers which serve all of its local communities.

FEBRUARY, 1985

RVICED BY FLEET NATIONAL INK



COUNTIES, CITIES & TOWNS



Community Reinvestment Act
Semi-Annual Review

February, 1985

- The Bank again participated in the latest Rhode Island Housing and Mortgage Finance Corporation (RIHMFC) issue. Unlike other banks, Fleet permits rehabilitation loans under these issues, as well as low down payment mortgage financing.

- Fleet National Bank is an active corporate member of the Rhode Island Urban Project. This organization is comprised of nine of Rhode Island's largest corporations and ten leaders of the black community, including employment, housing, minority purchasing, and education.

- As an adjunct to its active student loan program, the Bank continues to offer loans for parents of college students, known as PLUS loans, under auspices of the Rhode Island Higher Education Assistance Authority.

- The Bank's venture capital company, Fleet Venture Resources, Inc. continues to invest in local firms. For example, it invested \$300,000 in TechMark Corporation, Newport, Rhode Island, a manufacturer of computer-controlled moisture measuring and drying equipment for the paper industry.

- The Bank has completed its new \$68 million office tower in downtown Providence. The Bank is a major construction lender, as well as an investor in the project. This project is expected to make a significant impact on the economy of the City.

- The Bank's Residential Mortgage Department is working with the Women's Development Corp. in providing guidance and mortgage financing for the purchase of and rehabilitation of 104 family units for rental availability to minority low-income individuals.

- Fleet contributed \$7,000 to the Times2, Inc. program, which seeks to improve middle school math and science education for minority youngsters. Two Fleet executives are Times2 Directors. Several Fleet executives also provided technical assistance to the Times2 program.

- Fleet Information, Inc. assisted the Opportunities Industrialization Center, Providence, by making Fleet Information Inc.'s audio-visual center and personnel available for remedial training and/or advanced instruction for OIC data processing students.

- The Fleet Charitable Trust contributed \$1,500 to the Rhode Island Black Heritage Society to help fund a major historical exhibit about blacks in Rhode Island.

- Significant gifts were made by the Fleet Charitable Trust to charities which serve the community: United Way, Catholic Charities, Episcopal Charities, John Hope Settlement House, and several area hospitals.

- The Bank continued its efforts to purchase supplies and services from minority vendors. Total dollars thus expended in 1984 were \$65,598.

- The Bank gave \$2,500 to the Rhode Island Community Food Bank, which assists needy individuals.

- The Bank remitted \$10,000 to the Elmwood Neighborhood Housing Services (ENHS), representing the Bank's contribution to the organization's operating budget.

- The Residential Mortgage Department continues to work with the Providence Preservation Society toward the historic preservation of homes in inner city neighborhoods.

- The Bank is providing federal income tax assistance to elderly citizens at several branch offices under auspices of the American Association of Retired Persons.

--Mary Morse, a Fleet Assistant Vice President, served as chairperson of the Rhode Island Urban Project's Employment Committee.

- Helen O'Donnell, a Vice President in Fleet's Residential Mortgage Department, has been named President of the Federal Hill House Board of Directors.

- The Bank awarded Work/Study Scholarships to three minority students.

- The Bank hired eleven minority young people for the summer months and also provided summer employment for several past recipients of Fleet National Bank's Work/Study Scholarships.

- The Bank donated \$400 to Classical High School, Providence, and to the Close-Up Foundation for students to participate in government seminars and workshops in Washington, D.C.

- Bank employees contributed more than \$500 to the "Summertime Fund", which provides summer outings for many minority youngsters in Providence.

- The Bank contributed \$200 through the Rhode Island Urban Project for the annual dance residency project in Providence schools.

- The Bank sponsored a full-page advertisement in the annual fund-raising publication of the Fox Point Boys' Club, Providence.

- The Bank sponsored a Little League baseball team in the Elmwood section of Providence.

- The Bank also conducted several consumer loan direct mail programs during 1984.

- Bank personnel appeared on WPRO's Steve Katz talk show to discuss mortgage financing.

- Through the local news media, as indicated in the example below, the Bank provided information to the General public regarding its consumer loan programs, in addition to standard advertising:

March/April/June/July/August/October 1984

Providence Journal Bulletin

Newport Daily News

Pawtucket Evening Times

Pawtuxet Valley Times

Westerly Sun

Woonsocket Call

All newspapers in the Rhode Island Newspaper Group

(June only)

WPRO-AM (radio)

WLKW-FM (radio)

WHJJ-AM (radio) (March - December)

WLNE-TV

WJAR-TV

WPRI-TV

July/August/September 1984

Westerly Sun

RHODE ISLAND COMMUNITY INVESTMENT LOAN FUND WORK GROUP
177 Oakland Ave., #2 Providence, R.I. 02908 (401) 351-3296

William O. Wiles
Secretary, Board of Governors
Federal Reserve System
Washington, DC 20551

October 10, 1985

Dear Mr. Wiles,

As the coordinator of the RI Community Investment Loan Work Group, I would ask that the comment period on the Acquisition of the Bank Holding Companies filed by the FLEET FINANCIAL GROUP INC., be extended. At this time, we are reviewing HMDA data and the extension will allow us to make some determination on their intention to acquire these companies.

I hope you will extend the comment period so that the various organizations which are reviewing the data can make an informed presentation to your office.

Sincerely,

Raymond Neirinckx

CC

James McGovern, Community Affairs Officer
Federal Reserve Bank of Boston



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

October 23, 1985

Mr. Raymond Neirinckx
Rhode Island Community Investment
Loan Fund Work Group
177 Oakland Avenue, #2
Providence, Rhode Island 02908

Dear Mr. Neirinckx:

This is in response to your letter of October 10, 1985 with regard to the applications of Fleet Financial Group, Inc. to acquire First Connecticut Bancorp and The Merrill Trust Company. You have requested an extension of the comment period which expires on November 1, 1985, in which to submit comments on the application.

The staff of the Federal Reserve Bank of Boston has attempted to contact you by telephone to discuss your request, but has been unable to do so. At this time, in the absence of any other information provided by you to support your request, I have concluded that it would not be appropriate to extend the comment period. I would suggest that you contact the Federal Reserve Bank of Boston as soon as possible (Mr. Robert Brady, 617 973-3336) if you would still like to comment on the applications.

In this regard, I hope that the HMDA data provided you by the Federal Reserve Bank of Boston proves helpful.

Very truly yours,

A handwritten signature in cursive script, reading "James McAfee", is written over the typed name.

James McAfee
Associate Secretary

cc: FRB Boston - Robert Brady

RHODE ISLAND COMMUNITY INVESTMENT LOAN FUND WORK GROUP
177 Oakland Ave. Providence RI 02908 (401)461-8495/351-3296

William J. Spring
Community Affairs Officer
Federal Reserve Bank of Boston
600 Atlantic Ave.,
Boston, MA 02106

November 15, 1985

Dear Mr.Spring:

The Rhode Island Community Investment Loan Fund Work Group would like to add its' name to the comment record in regard to Fleet Financial Group acquisition of two out-of-state holding companies.

The Work Group this morning at Fleet's office met with four ranking officials of the bank. We were pleased with the initial results of the meeting. A followup meeting to discuss particular solutions raised by the community/housing group is planned for the first week of December.

For your information; the RI Community Investment Loan Fund Work Group is an ad hoc group of representatives from community groups, religious organizations, and technical assistance providers throughout Rhode Island. This group is in the process of incorporating as a non-profit for the expressed purpose of financing projects involved in community economic development.

Please keep us informed of any further action.

Sincerely,

Ray Neirinckx, Coordinator

There seems to be general agreement with Margaret C. Ayers, Executive Director of the Robert Sterling Clark Foundation, that "those [non-profits] that have made it thus far are likely to continue."

Stretching Resources

"Reducing overhead costs is becoming particularly important," says David Lebenstein, Deputy Executive Director of INTERFACE, a New York City based research, technical assistance and advocacy organization. With rent an enormous component of overhead in New York City, INTERFACE and the Trust for Public Land have negotiated the purchase of a condominium to be shared by nonprofits (see accompanying story).

"People whose leases expire in 1987 are calling us to find out about it now." The Revson Foundation joined with the Ford Foundation and a number of others to support a similar concept—the Public Interest Law Center—for public interest law organizations in New York City.

Along with what Lester Salamon characterizes as a "reluctance to be pulled into filling gaps," many grantmakers are keenly aware that they must be increasingly creative with their resources. Sharing overhead costs among grantees is but one example of this direction. Ayers would like to see more proposals from coalitions of providers, but realizes the difficulties involved and the danger of grantmakers'

being "accused of using strong-arm tactics" to make them work. But, she says, "we have an obligation to the recipient community to explain to them just how limited the resources are."

The Fund for New Jersey takes an even more proactive approach. One of its principal activities has been the development of coalitions of groups pursuing similar goals, and in some instances, the Fund has started and staffed them. The Fund's Executive Director, Robert P. Corman, became "concerned about the level to which nonprofits had become dependent on government dollars before the cuts, especially the smaller non-profits whose boards were rich in commitment but short on resources. The results of the

Donors & Grantseekers Examine Hard Realities

by Thom Clark

Chicago's donor and nonprofit community gathered recently to assess the expectations and hard realities of private philanthropy some five years into the Reagan era of federal retrenchment.

The good old boy method of grantsmanship hangs on. But it is dying out in the face of increased professionalism, use of grant guidelines, better communication, and an upsurge in well-written proposals according to many participants at a recent dialogue held by the Donors Forum of Chicago.

Attracting some 100 representatives of independent, family and corporate foundations, the forum included an equal number of donee nonprofits from area cultural and educational institutions, civic groups and a smattering of community-based organizations. Sharing their perceptions, and myths, about the last decade of giving in Chicagoland, donors and donees alike looked at the present and future challenges of providing for basic human needs in the face of continuing public sector retrenchment.

Maximizing Dollar Efficiency

James A. Joseph, president of the donors' national trade association the Council on Foundations, started the day's program with a look at trends in grantmaking. Noting increased "professionalizing of the private voluntary sector," Joseph said donors should "affirm efficiency while maximizing the charitable dollar.

"Nonprofit organizations are becoming

entrepreneurial," he declared, while admitting that in a growing service economy, such shifts bring on charges of unfair competition from for-profit businesses.

"Can nonprofits maintain their original mission?" he wondered. "We do not know yet which services belong in which sector."

In heralding public-private partnerships as "the fourth sector of an entrepreneurial economy," Joseph challenged donors to "organize consistent levels of human compassion" in their support of nonprofits.

Joseph acknowledged the politicization of the nonprofit sector over the last four years. But he supported its "increased participation in the forming of public policy," as long as this stops short of partisan politics or quests for "ideological purity."

If the nonprofit sector is to enjoy continuation of the tax reform-threatened charitable tax deduction—"a trusted instrument of public good, not a special interest"—Joseph said the private voluntary sector will have to demonstrate its pluralism, "flexible diversity," and increasing public accountability.

"Do our boards and staff reflect the larger society?" he concluded.

Taking the Gloves Off

Following an entertaining, if not enlightening, "talk show" panel interview with a mix of donor and nonprofit representatives, the 200 participants broke for a morning and afternoon of "working

group" discussions. These centered on the politics of philanthropy, professionalism, social responsibility and priorities.

The working groups, though designed to concentrate on specific planning agendas within the diverse donor community, were also intended to allow participants to take the gloves off. Some heated debates occurred.

More often, a certain pedestallitis hovered over the working group discussions, a tribute to the old axiom of "don't bite the hand that (might) feed you."

Donors feel the grant-making process is more open and routine these days. Many foundations are updating guidelines to better target their resources, while admitting there are winners and losers amongst vying nonprofits with diverse interests.

Politics of Grantsmanship

Claiming foundation priorities can be changed by outside forces, one donor's senior staffer complained "We get almost no response to our annual report requests to comment on our priorities. Donees are far more interested in the politics of our decision-making," which this staffer claims is far less prevalent today.

Foundations are resisting a set of politics that grew out of federal budget cutbacks. Many foundation executives believe it is a mistake to try and go in to pick up areas the feds have left, even if they had the resources to do so. "I don't like the federal government setting my agenda," one commented.

1981 cuts were so significant for an urban state such as ours that it became even more important that nonprofits generate alternative ways of securing revenue." Corman is eloquent in his admiration of many organizations' "resilience in the face of extinction." Citing their "passion for service," he observes that "you can't beat love and affection for motivating survival."

Convinced that the health of the nonprofit sector was critical to the health of New Jersey (the sector accounts for nearly 10 percent of people employed in the state), Corman felt the need for an entity to serve it. He convened a small but representative group of people who began to identify emerging issues, study advocacy needs, examine policy makers' perceptions and determine systems building needs. The Center for Non-

profit Corporations is the result of this effort. Now funded by thirty public and private sources, the Center, with more than 200 members, sponsors conferences, conducts research, provides technical assistance, offers insurance to its members and has affected legislation. It is, according to Corman, "pursuing and beginning to achieve parity with the private sector and government."

Expanding the Field

Finding ways to help nonprofits beyond traditional grantmaking has clearly preoccupied many foundation personnel. Morgan Guaranty Trust officers offer assistance within their areas of expertise to nonprofit groups, and its Volunteer Center has, since 1971, matched bank employees with volunteer activities in the community. A new program allows employees who are volun-

teers to request \$500 grants for the organization with which they are involved. And the matching gift program, which has traditionally been limited to education, has been expanded to cover other programs as well.

Anita Nager at the Fund for the City of New York is also concerned with other ways to assist grantseekers. "We try to provide technical assistance to groups who come to us, whether or not we make a loan or grant. In addition to providing direct computer assistance with our own staff and equipment, we're talking with other foundations about developing a program to help groups buy their own computers and software."

Eli Evans maintains that the most important resource of small foundations is people, not dollars. Many nonprofits are "so desperate for general support that

Nonprofit grant recipients, or donees, claim they still stumble over hidden hurdles in the process. "We have a very bleak set of circumstances here," said one major civic organization head.

"Writing [a proposal] well about a good project isn't good enough any more," he complained. "How can anyone wonder that nonprofits will seek optimal use of political tactics to get votes to insure refunding?"

Operating vs. Project Support

An age-old debate over funding projects (read: trendy) over general operating support (read: continuity) also stirred up some passions.

Donees feel their agendas get shaped by what the latest guidelines seem to be asking for, rather than what their constituencies need. Donors are "still amazed by how many groups write in who obviously haven't read our guidelines."

Donors also believe that funding projects over general support puts groups, big or small, on a more even keel. They also feel nonprofits set their project budgets too literally. Many nonprofits do not sufficiently cost out overhead as part of fundable projects.

Recommendations

By day's end, each working group reported out their recommendations to the assembled audience of participants. The Donors Forum membership was called upon to seek broader representation, particularly of women and minorities, on their decision-making boards.

(This theme was echoed forcefully by the Donor's Forum's Eleanor Peterson, who's fiery challenge to both sides, despite its brevity, could have been the day's keynote address.)

Focused-giving on topical areas earned a pass. But the call went out for preserving multi-year funding to strengthen nonprofits. Donors were encouraged to set aside a risk pool for specialized funding of projects that may not fit this year's priorities, but meet an emerging issue head on.

Nonprofits were urged to share more information amongst themselves about what foundations are up to—some even called for the formation of a "donees forum."

More Corporate, Coalition \$ Needed

Peer pressure was urged on corporate donors to seek more participation from mid-sized corporations in giving programs, in addition to more progress on meeting the contributions goal of 2 percent of net profits as recommended by Chicago United.

While reporting by grant makers has improved, donees feel that it is still very difficult to determine areas of emphasis within the corporate sector. And there is very little post grant evaluating of project or organizational effectiveness.

Foundations were urged to fund coalition efforts to better impact public policy, be that organizing around local cutting-edge issues or lobbying against further budget cuts. It was noted that the United Way's former coalition grant pro-

gram helped a day care network return \$35-40 in avoided state cuts for every \$1 in funding.

Championing Future Needs

With increased professional staff and better developed guidelines, foundations' world view seeks impact over the long haul. Nonprofits see themselves in the trenches, concerned by necessity with next week. Calling for more opportunities to develop rapport between the sectors, one participant exclaimed "It takes several hours to really take the gloves off!"

Indeed, the Donors Forum eleventh anniversary dialogue represented at best the opening round of a heavyweight bout. In trying times, with further deficit-driven budget cuts on the way, the street-fighting for limited grants will get fiercer. Donors and donees will need to open their stances to champion the prize of better meeting basic human needs.

FOR MORE INFO

Eleanor Peterson, President, Donors Forum of Chicago, 208 S. LaSalle, Chicago IL 60604, (312) 726-4877.

For additional reading:

"Inequitable Giving?" in *The Chicago Reporter*, 11/85, 18 S. Michigan, Chicago IL 60603, (312) 236-4830.

"Fundraising for the Hard Times," *TNW* v.5 #2/82; and "Where to Look for What You Need," *TNW* v.8 #10/85. Use order form on p. 23 for any *TNW* back issues.

UNIQUE PARTNERSHIP LAUNCHED IN CHICAGO

Susan Bloch

Officially announced in May 1985, the Chicago Housing Partnership (CHP) is an unincorporated collaboration of neighborhood groups and public- and private-sector interests formed to facilitate the sustained production of affordable housing. By assembling sources of equity, permanent debt financing, and technical assistance, this unique partnership provides comprehensive assistance to neighborhood-based nonprofit housing developers. Both in the process by which it was formed and in its operations, the partnership demonstrates the cooperative efforts of city officials, community groups, and the business sector.

With a primary focus on the rehabilitation of multi-family buildings, CHP grew out of the recommendations of the Housing Abandonment Task Force, a coalition of neighborhood and advocacy groups. The Task Force joined with Chicago United's Task Force on Housing, a nonprofit policy advisory group whose members represent leading Chicago-area businesses, to design a financing program that will combine private-sector investments, conventional first mortgages, and low-interest second mortgages provided through the city's Department of Housing. Staff of Chicago LISC* and the commissioner of the city's Department of Housing played major roles in designing this plan.

CHP operates as an umbrella organization through which nonprofit developers can obtain one-stop financial and technical assistance. Overall policy is set by the Oversight Committee, a 25-member body that includes representatives from neighborhood advocacy groups, local foundations, real-estate syndicators and developers, public officials, and executives of Chicago-area banks and corporations.

Representatives from each of the major funding providers serve on the Partnership's Co-ordinating Committee. The current membership of the Co-ordinating Committee includes the first deputy commissioner of the city's Department of Housing, the president of the Chicago Equity Fund, the executive director of Community Equity Assistance Corporation, the program director of Chicago LISC, and executives from Harris Trust and Savings Bank, First National

Bank of Chicago, Northern Trust Bank, and the Community Investment Corporation.

Because the partnership works collaboratively, nonprofit developers can initially approach any participant and be guided to the member organizations that provide technical assistance, equity investment, and permanent debt financing. Two newly formed organizations which play key roles within the partnership are the Community Equity Assistance Corporation, which helps package nonprofit development deals, and the Chicago Equity Fund, which provides capital for housing projects sponsored by nonprofit neighborhood-based developers.

Technical Assistance and Equity Investment

Established as an affiliate of Chicago LISC, Community Equity Assistance Corporation (CEAC) provides technical assistance to nonprofit developers. CEAC reviews development proposals, conducts feasibility assessments, prepares project budgets, acts as liaison to attorneys and accountants, structures deals, and presents them along with financing recommendations to the appropriate member agencies or lenders participating in CHP.

Incorporated in March 1985, CEAC received initial funding through Chicago LISC grants made possible by donations from the Amoco Foundation, Citicorp Savings, and the Chicago Community Trust. Through charging fees for services approximating one to two percent of total project costs, CEAC hopes to generate sufficient revenue to become self-supporting after its first year of operations.

Incorporated as a nonprofit in February 1985, the Chicago Equity Fund (CEF) raises capital for housing projects through the annual formation of a for-profit general partnership. The general partnership invests as

SUSAN BLOCH is a research associate at NED&LC and a graduate student in the Department of City and Regional Planning at the University of California, Berkeley.

the sole limited partner in limited partnerships that are organized to acquire and hold individual housing developments. Neighborhood-based nonprofit developers or their for-profit affiliates are the general partners of each limited partnership.

Chicago Equity Fund 1985, the first general partnership organized by CEF, is currently reviewing investment proposals for twelve rehabilitation projects that will provide 480 to 500 low- and moderate-income units. The projects are sponsored by six nonprofit developers.

Made possible in part by a \$2.5 million grant from the MacArthur Foundation, Chicago-LISC will provide bridge financing for the projects. Because this interim loan will allow syndication proceeds to be paid in over five to six years, the tax-loss to pay-in ratio will be at least 2.5 : 1 and the corporate investors will be able to achieve an after-tax return of approximately fifteen percent. Primarily derived from tax write-offs, this near-market rate of return may include some earnings from project cash-flow.

Although CEF had hoped to accumulate \$2 to 5 million in its first blind offering, it was able to raise nearly \$6 million from eleven Chicago-based corporations within three months. (A blind offering is one in which the specific projects for investment have not yet been identified at the time of the offering.) The corporate investors include Amoco Corporation; Dart and Kraft, Inc.; First National Bank of Chicago; Harris Trust and Savings Bank; Commonwealth Edison; Illinois Bell Telephone Company; Peoples Gas, Light, and Coke Company; Quaker Oats Company; Sara Lee Corporation; Sears Roebuck and Company; and the Tribune Company.

With the support of the mayor and the commissioner of the city's Department of Housing, this highly successful fundraising drive was spearheaded by the co-chairs of Chicago United's housing committee—H. Laurence Fuller, president of Amoco Corporation, and Daryl Grisham, chairman of Parker House Sausage Company. According to Andrew Ditton, program director of Chicago LISC, the partnership arrangement has corporate appeal because it provides a new vehicle for private investment in socially beneficial projects while allowing a near-market rate of return.

Permanent Debt Financing

First mortgages for CHP projects will be provided principally through three major Chicago-area banks—Northern Trust, First National Bank of Chicago, and Harris Trust and Savings—and through the Community Investment Corporation, a consortium of savings and loans. Harris Trust and Savings will provide eight-percent mortgages for eight of the twelve projects slated for 1985. Using Community Development Block Grant funds, the city's Department of Housing will provide deferred second mortgages at no interest or at a one-percent rate. The overall interest rate derived from combining these two finance sources will be about six percent.

Future Projects

In the absence of federal housing subsidies, and in a city where abandonment and demolition result in the loss of about 6,000 housing units annually, CHP's goal is to continue to develop affordable housing by leveraging public and philanthropic contributions with private-sector capital. In its first three years, CHP hopes to facilitate the rehabilitation of 2,000 units that will rent at \$275 to \$350 per month. The projected acquisition and construction cost is about \$30,000 per unit. Of the approximately \$60 million in total project costs, CHP hopes that \$24 million in first-mortgage loans will be provided through a pool of funds committed by the major Chicago banks.

To achieve a lower interest rate, these first mortgages would be blended with \$24 million in deferred second mortgages provided by the Department of Housing. Bridge financing for the \$12 million in equity investments raised by the Chicago Equity Fund would be provided by Chicago LISC and possibly by local mortgage bankers. Finally, to further reduce mortgage costs, CHP hopes to use loan guarantees provided by private insurance companies or through an announced but as yet unfunded state program. ■

**The Local Initiatives Support Corporation is a national lending and grant-making institution initiated by the Ford Foundation in 1980. LISC receives contributions from over 260 foundations and corporations and targets most of its funds into 26 geographic Areas of Concentration in which local donors raise matching funds and participate in grantee selection.*

For further information contact:

Emmett Hines, Executive Director, Community Equity Assistance Corp., 118 North Clinton, Chicago, IL 60606, (312) 559-9892.

Wally Lennox, President, Chicago Equity Fund, c/o Standard Oil Co., 200 East Randolph Drive, P.O. Box 5910-A, Chicago, IL 60680, (312) 856-7054.

Andrew Ditton, Program Director, Chicago LISC, 118 North Clinton, Chicago, IL 60606, (312) 559-9820.

Marketing plan for the Rhode Island Community Investment Loan Fund Work Group. Statement of Purpose is included in documentation.

History: The RI Community Loan Fund Work Group started in April of this year. We are an association of people active in civic, religious, social action, and technical assistance organizations throughout RI. The Work Group has met four times thus far in seeking to establish a vision and structure to the loan fund. The Work Group has set up two subgroups; a questionnaire subgroup, which has met and completed their work(see Documents), and a legal subgroup which is investigating the corporate structure of the loan fund in conjunction with RI financial and non-profit law. By January the Work Group expects to formalize the structure of the board and policy issues of the loan fund.

Business Summary: The RI Community Investment Loan Fund expects to make loans to:

- a) housing cooperatives;
- b) community development corporations;
- c) employee cooperatives;
- d) non-profit corporations or cooperatives providing community services or community economic development;
- e) community land trusts;
- f) other organizations or individuals engaged in activities which further the purpose of RICILF.

The Loan Fund will serve the following regions in Rhode Island; Newport County, South County, Blackstone Valley(Woonsocket), and Providence County(East Providence,Warwick).

Operating Plan: At this time, there is no formal operation plan for the Loan Fund. However, the Work Group does possess the following skills in these key activity areas;

- Accounting; a CPA with years of experience in non-profit and community action groups,
- Project Development; the Work Group has several people who have started housing cooperatives, housing development and rehab, food coops, and community organizations,
- Loans; the Work Group has three people, one from a financial institution, the others active in securing loans for their development projects,
- Personnel; the Work Group has people who can assist in the development of personnel policies for the loan fund,
- Marketing; this area requires further exploration by the Work Group,
- Technical Assistance; the Work Group is receiving technical assistance from the Institute for Community Economics (ICE) and the Institute for Cooperative Community Development(Michael Swack). The Work Group also participated in the First National Conference of Community Loan Funds in which we hope to become part of a National Federation of Loan Funds.

Opportunity: Rhode Island does not have a long history of community economic development. However, as a result of the Greenhouse Compact, a comprehensive business analysis of the state's economy, many community organizations and activists have begun to look at new models of developing our low and moderate income communities. 1984 saw the establishment of our first community development corporation in Newport: NEW COMMUNITIES. The Joslin Center in Providence has a CDC tag but has not to date engage in community development. We now have two developing housing cooperatives; the Fox Point Housing Cooperative in the Fox Point community of Providence; ASQAH cooperative a developing limited-equity housing project on an abandoned Navy housing complex in North Kingston. There is talk of expanding the activity of the South Providence Community Land Trust, which is primarily community gardening, to begin a housing component. The People's Redevelopment Corporation is reviving itself in Providence, also. The South County Community Action has established a SELF-HELP housing program in which low-income people working in teams build their homes. Housing project tenants are organizing for the expressed purpose of owning their homes and maintaining affordable housing for poor people. The General Assembly has set up a legislative study commission on Housing Cooperative. We expect that at least two members of the Work Group will be appointed. Welfare advocates are exploring new innovative ways to create job opportunities for poor women. Divestment has stirred activism on the campuses (BROWN/University of RI) and in the churches (Episcopal, United Church of Christ, Baptist, and to some degree Catholics). Through the Work Group we have been able to challenge community groups to look at their purposes and programs and take up our challenge to develop new vehicles for structural changes in our poor communities. The opportunity for a loan fund is clearly viable.

Competition: Currently, Rhode Island does not have in any city or town a revolving loan fund to finance community economic development. There are in most cities and towns a loan fund to assist homeowners in rehabing their homes. The loan fund is not competing with these programs.

In Providence, there is the Providence Preservation Revolving Fund. Geographically, it serves neighborhoods in Providence. Almost 3/4 of their loans have gone into the Amory District (see Documents). Loans are primarily for exterior renovations. The fund has come under criticism by community people because of their lending practices which appear to encourage gentrification and displacement of the neighborhood. Loans also go only for historic houses which in the past has been marketed to people outside the community and more specifically, people from out of state. The fund has \$400,000 mainly from foundations, corporations, and city community development monies.

Our competition will rest in our ability to fill the "capital gap" which we hope to fill through the Loan Fund. The social marketing of community investment will be very important in regard to generating interest from individuals and institutions to lend to our Loan Fund.

Business loans that are available from the state and federal government are listed in Documents. We are looking at some of the new state programs which to date have had a slow response in regard to applicants for these dollars. We do not see ourselves competing with these programs but expect to develop relationships in order to assist potential borrowers in exploring all areas of possible financing.

Constituencies: The Loan Fund by its very structure has two member constituents; lenders and borrowers. However, there is a larger group which is the general public. This population will be exposed to the concept of community investment both through a media campaign (see documents) and from the success of our projects. We do not expect everyone to lend to the Fund. We do expect through forums, panels, presentations and the media to familiarize people with the concept of community investment.

Borrowers: Potential borrowers for the Loan Fund are non-profits, community action agencies, neighborhood associations, tenant associations, CDC's, cooperatives, service providers, unions, church groups and in some cases individuals whose projects will promote the purpose of the Loan Fund. A questionnaire is being sent to 100 groups and individuals to determine the types of projects that are being developed or proposed, the type of money needed, and their vision of a Loan Fund. The cover letter and questionnaire are included in the documents. Each member of the Work Group received three questionnaires; one for themselves and the other two for groups/individuals in their region. Remaining questionnaires were sent to organizations from the mailing list of the Welfare Advocates, Housing Advocates, RI Housing Cooperative Task Force, and the Fund for Community Progress.

Lenders: Characteristics of the lender base;

a) geographic; the Loan Fund will market to every region of the state. The question to be explored is regional readiness to lend/borrow. Washington County because it is a more prosperous area may have a regional readiness to lend, while Woonsocket which has many needs is a poor area and more likely regional readiness to borrow. The balance of state is mixed. Statistics are being gathered on the per capita income of the regions.

b) demographic; At the national community loan fund conference, we learned from the presentors that lenders to Loan Funds do not fit into neat categories. The potential for lenders, regardless of race, sex, social class, religion, occupation, etc, is the social marketing of community investment and the goals of a loan fund. Our basic market preference will be a diffused preference. Believing that the Loan Fund will appeal to a wide, scatter base of potential lenders. As a field, the community investment/community loan fund movement is an embryonic market (one to five years old), as we grow and more stats are compiled better marketing tools can be refined/developed. In regard to a perceptual base; the Loan Fund will present images, through ads, talks, videos, of neighborhoods, family, diversity of ages, race, nationalities, etc. in order to promote the Loan Fund as a viable means to "invest" in our communities. The Loan Fund should be seen as value-oriented, active and involved. In general, though, the Loan Fund will also present itself as a secure option for people in the social investment field. The security issue will involve the development of a lenders packet which will be given to all inquiries. The packet will include a ICE community investment reader, a gloss brochure, and agreement papers.

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accessibility; although addressed to some degree in the media plan, the loan fund will utilize presentations by boardmembers in reaching out to religious organizations that have social justice/action committees. A list of churches and synagogues will be compiled from the Council of Churches, Catholic and Episcopal Diocese and Jewish Council. We hope to sponsor a seminar with an area bank around social investment. Discussions are now taking place. Our program to reach both foundations and corporations in regard to program related investment and permanent endowment is still to be explored (a list of area foundations and corporations with community funds is in documents). Our expectation is to approach some in a forum setting, some individually, all with the assurance that lending to our fund is secure and meeting needs in the community. It will be imperative for us through the questionnaire to determine the types of programs that are being developed and proposed and to carefully select for our first loan a project which will demonstrate the needs to be met and the security of lending to our Loan Fund.

The capitalization committee will have the initial responsibility for monitoring and refining the marketing strategy of the Loan Fund. Also, through the formation of a national federation of community loan funds, I expect that marketing will be an area of concern and resource allocation for new and developed loan funds.

Question: Differentiated v. Undifferentiated marketing. Given the demographics of lenders which approach is best for community loan funds? Do we market for different markets through segmenting our approach for lenders or do we sell the Loan Fund in general with the expectation of capturing a part of each market?

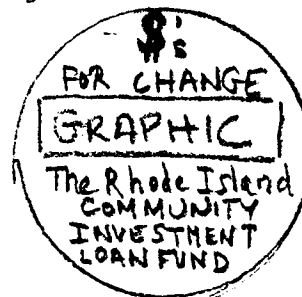
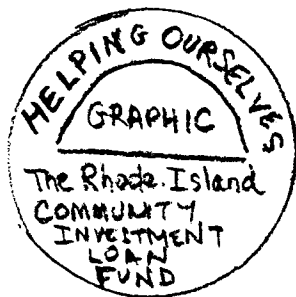
pricing; the Work Group will in December through its capitalization plan discuss and formulate a pricing mechanism for the Loan Fund.

Media Plan:

In the past year and a half, a working committee has formed with community activists and media people in order to improve relations and develop a dialogue about community action and media coverage. An annual conference is held as well as meetings which are held every six weeks. At the conference a media guide and community directory is given to all participants. The media guide is very helpful in identifying all the media outlets in the area and the people to contact. The RI Community Investment Loan Fund will be using the directory in our media campaign. We will utilize public affair and talk shows both in television and radio. We will also contact reporters from the regional and daily papers in marketing not only the fund but the concept of community investment.

At this time, we have had contact with a reporter from the Providence Journal, the state's major daily paper, about a feature story on the Loan Fund.

Logo design; the Work Group is going to be contacting Bonnie Acker, who has provided graphics for the ICE newsletter Community Economics. Her woodcutting-type graphics are quite good and would be a great visual draw for people. We hope to use the design on our stationary, buttons, and stickers. Two button designs are featured below;



Commercial Idea; A gameboard designed like Monopoly. A dollar bill starts at Neighborhood. The bill moves to a square marked local store, it then moves to the next square which is absentee owner and the dollar bill is removed from the gameboard. Next, another gameboard, the center reads; RI Community Investment Loan Fund. The dollar bill goes around the board going into a housing cooperative, a community market, a worker-owned hardware store,.... The voice over saying: " Become part of the cycle, Invest in the RI Community Investment Loan Fund, working to make our neighborhoods work." More discussion at subsequent meetings by the group will explore in more detail our strategy for T.V.

The media guide is included in supporting documents.

*Some good thoughts
Things seem to be
moving along.*

SUPPORTING DOCUMENTS

STATEMENT OF PURPOSE

The Rhode Island Community Investment Loan Fund will serve all low and moderate income communities; rural and urban, in Rhode Island.

Purposes:

- 1) To provide access to housing and productive resources for low and moderate income people;
- 2) To conserve and enhance the quality and productivity of land and natural resources, while ensuring that low and moderate income people share in the use and enjoyment thereof;
- 3) To conduct public discussion groups, forums, panels, lectures, and other similar programs designed to educate the public about the benefits of Community Development and directed at the financing needs of community development ventures;
- 4) To support the development of a stable and productive economic base in and for local communities; and
- 5) To create alternative models of financing for community economic development which encourage investment by local community organizations, churches, and individual citizens and promote greater responsiveness to community and low income needs on the part of conventional lending institutions through:
 - a) Direct lending to community-based development projects;
 - b) Loan referral, packaging, and management assistance for potential lenders and borrowers;
 - c) Technical assistance to community-based not-for-profit and cooperative organizations in developing their management capabilities.

RHODE ISLAND COMMUNITY INVESTMENT LOAN FUND WORK GROUP
177 Oakland Ave. Providence, RI 02908 461-8495/351-3296

Dear Friends,

This is a community economic development (CED) survey to determine the CED finance needs of community groups and neighborhood associations in Rhode Island. We are an ad hoc group of representatives from community groups, technical assistance organizations, and religious organizations throughout Rhode Island. This group is exploring the feasibility of creating a community loan fund for financing CED projects such as low and moderate income housing, worker cooperatives, community land trusts, community development corporations and others. The loan fund can be a solid bridge between sympathetic investors and capable community groups in need of capital. Your participation in completing this questionnaire will enable us to develop a loan fund which can build an economic base for projects in our low-and moderate-income communities.

Please complete the questionnaire and send to the Work Group in care of the above address. If you have any questions about the Work Group call the coordinator at 461-8495 (days) or 351-3296 (nites). The Work Group needs to hear from people/organizations like yourselves if the loan fund is to be successful. Thank you for your time.

Respectively,

Ray Neirinckx, Coordinator

Rhode Island
Community Investment Loan Fund

Borrower Questionnaire

Name: _____ Title: _____
Organization: _____ Founded: _____
Address: _____ Phone: _____
_____ Zip _____
Type of Legal Entity _____ Tax Exempt: _____

1) What function does your organization/business serve in the Community? List all services.

2) Briefly describe your service area and/or population?

3) What types of financial problems has your organization experienced? (examples: interest rates, high rents, uncooperative banks, downpayments, etc.)

4) What have been your major sources of funding? (banks, foundations, government, etc.)

- 5) Have you ever approached a bank/s for financing? Yes___ No___
If yes, what was the response?
- 6) What other key public agencies and/or community groups have you worked with? What is the nature of these relationships?
- 7) Do you have a particular problem with financial institutions policies that prevent your organization from receiving financing? (please prioritize)
- 8) Briefly describe your current and future programs/services and the financing terms necessary for their success.
- 9) If there was a Community Loan Fund how would you utilize it?

Potential Market for lenders:

Below is listed 5 organizations which are known for their involvement in the social investment field. I contacted each of the groups to gather the number of inquiries they have received from people in Rhode Island. Although only inquiries they do provide a base of potential lenders to the Loan Fund.

<u>Organization</u>	<u># of RI Inquiries</u>
Calvert Fund (two portfolios;moneymarket/bonds)	25/22 respectively
Working Assests	N/A
Social Investment Forum	7
ICE Community Economics	33
Good Money	40

In the Providence-Journal Bulletin(Nov.11,1985) it was reported that the Conference Board, based in Washington,DC conducted a survey which showed that corporate gift-giving was on the rise. The organization was contacted to see if it had specific data on corporate gift-giving in Rhode Island. The Conference Board responded that its data was collected from major corporations and is not specific on their location or headquarters.

Possible Rhode Island lenders to the permanent endowment of the Loan Fund.
Foundations; from the Directory of Grantmaking Foundations in Rhode Island. Council of Community Services, 1983

- * Ashaway Charitable Trust
- * Chace Fund Inc.
- * Chafee Fund
- * Citizens Charitable Foundation
- * Cranston Foundation
- * DeAngelis Charitable Trust
- * Fleet Charitable Trust
- * Gregson Foundation
- * Grossman Foundation
- * Haffenreffer Family Fund
- * Hope Foundation
- * Kimball Foundation
- * Little Family Foundation
- * Ocean State Charities Trust
- * Old Stone Bank Charitable Foundation
- * Pell Fund
- * Rhode Island Foundation
- * The Rumpler Foundation
- * Textron Charitable Trust

Although none of the above foundations listed funding community funds, they did state their willingness to fund "special projects".

SMALL BUSINESS FINANCING PROGRAMS IN RHODE ISLAND

DEDLine Quarterly Newsletter of RI Dept. of Economic Development Nov. 1985

PROGRAM	IRB Industrial Revenue Bond	IMF Insured Mortgage Financing	IIRB Insured Industrial Revenue Bond	RLF Revolving Loan Fund	
NAME OF AGENCY	R.I. Industrial Facilities Corporation (RIIFC)	R.I. Industrial Building Authority (IBA)	R.I. Industrial Building Authority & R.I. Industrial Facilities Corp. (IBA & RIIFC)	R.I. Department of Economic Development (R.I. DED)	
ELIGIBLE APPLICANTS	Industrial and Selected Special Commercial Facilities	Manufacturing and Processing Facilities	Manufacturing and Processing Facilities	Manufacturing, Processing, Selected Services	
DOLLAR LIMIT PER PROJECT	Maximum limit prescribed By I.R.S. Normally Up To \$10 million	Maximum: \$5.0 million Minimum: \$100,000	Maximum: \$5.0 million Minimum: \$100,000	Fixed Assets: Maximum: \$150,000 Minimum: \$25,000 Working Capital: Maximum: \$30,000	
MAXIMUM LIMIT, PERCENT OF PROJECT COST	Up to 100%	Real Estate: 90% Machinery & Equipment: 80%	Real Estate: 90% Machinery & Equipment: 80%	Program funds should average 25% of total project cost.	
APPROVED USES OF FUNDS	To finance fixed assets a) Land b) Building c) New Machinery and Equipment d) Certain eligible "soft" costs.	New industrial building or new addition. Acquisition and <i>Substantial</i> rehabilitation of existing building. Acquisition of new machinery and equipment.	New industrial building or new addition. Acquisition and <i>Substantial</i> rehabilitation of existing building. Acquisition of new machinery and equipment.	Acquisition and improvement of land, buildings and equipment, including new construction. Job creation criteria.	
INTEREST RATES	Tax exempt, floating rate or fixed rate, dependent on lender.	Bank market rates	Tax exempt, fixed rate	Fixed: 90% of prime rate	
TERM OF LOAN (Maturity)	Dependent on lending institution. Normal terms: 15 years on real estate 10 years on equipment	Maximum term: Real estate: 25 years Machinery & Equipment: 10 years	Maximum term: Real estate: 25 years Machinery & Equipment: 10 years	Maximum term: Real estate: 15 years Machinery & Equipment: 10 years Working Capital: 5 years	
FORM OF FINANCING	RIIFC issues tax-exempt revenue bonds, without guarantee or insurance, to provide financing for applicants. Fee • 1/8 of 1% annually on outstanding principal balance.	Bank loan to applicant insured by State. Insurance premium: Real estate: 1/2 of 1% per year on principal balance. Machinery and Equipment: 1% per year on principal balance.	RIIFC publicly sells state insured tax free industrial revenue bonds. Insurance premiums and fee: • 1/8 of 1% annually on total principal balance. • Real Estate: 1/2 of 1% on principal balance. • Machinery and Equipment: 1% on principal balance.	Direct loan Loan administration fee: 1% of initial amount at closing.	
CONTACT:	R.I. DED 277-2601	R.I. DED 277-2601	R.I. DED 277-2601	R.I. DED 277-2601	

FEDERAL PROGRAMS

RIBIF Rhode Island Business Investment Fund	IMF Insured Mortgage Financing	SBA 503 ¹	SBA 7A	UDAG Urban Development Action Grant
• R.I. General Treasurer • SBA • Participating Banks	R.I. Recreational Building Authority (RBA)	Ocean State Business Development Authority U.S. Small Business Administration	U.S. Small Business Administration	U.S. Department of Housing and Urban Development
Small Business SBA definition	Tourist Facilities	Healthy expanding companies having: profits less than \$2,000,000, net worth less than \$5,000,000.	Size standards vary with different industries and should be checked for individual projects.	Cities certified by U.S. government (HUD) as meeting certain standards of distress and needing funds to finance private development projects.
Maximum: \$500,000 Minimum: \$25,000	Maximum: \$5.0 million Minimum: \$100,000.	SBA portion - 40% of project cost not to exceed \$500,000 per project.	\$500,000	No limit
Up to 100%	75%	SBA portion no more than 40% of total project cost	Up to 100%	"Gap funding" normally no more than 20%-30% of total cost
Working capital Machinery and equipment Leasehold improvements	New tourist facility Acquisition & rehabilitation of existing tourist facility	To finance fixed assets: a) Land acquisitions b) Buildings c) Machinery & Equipment d) Some leasehold improvements Job creation criteria	Working capital, machinery & equipment, land & buildings or combination of the above	a) Industrial expansions b) Commercial revitalization c) Housing rehabilitation d) Other uses, including hotels, motels and shop- ping centers
1.75% over the current treasury rate for same term.	Bank market rates	"Blended rate" below conventional bank financing	Allowed maximums: less than 7 years - 2 1/4% over prime rate greater than 7 years - 2 3/4% over prime rate	Direct grant to cities, flexible
Maximum term: Machinery & Equipment: 7 to 10 years Leasehold improvements: 10 years Working capital: 3 to 5 years	25 years	Up to 25 years	Set by bank	Flexible
SBA guaranteed bank loan. The 90% insured portion of the loan is sold to the R.I. Employee's Pension Fund.	Bank loan to applicant insured by State. Insurance premium - 1% per year on principal balance.	Normally 50% bank funds, 40% SBA-guaranteed bonds funded by U.S. government and 10% from company.	SBA guarantees up to 90% of the bank loan.	Direct grants to cities. Funds then loaned to pri- vate developers. Projects selected by HUD quarterly on a competitive basis.
Participating R.I. Banks R.I. General Treasurer 277-6522	R.I. DED 277-2601	O.S.B.D.A. 277-2601	Participating P.I. Banks U.S. SBA 528-4585	Local governments R.I. DED 277-2601

¹Four other certified companies serve specific areas. Providence (273-8050), Pawtucket (724-5200), Newport (847-1600) and Bristol County (245-0750).

11-7-85

Revolving Fund helps homeowners

Money from the Providence Preservation Society Revolving Fund is helping Joe Jackson and Annemarie Bruun afford a house of their own in Providence's Armory District. It might help you live there too.

Revolving Fund loans are in two categories. Most of them are for exterior renovation only. In rare cases, the fund directors will buy a house for resale, and make a loan for total restoration.

There are income restrictions with some loans. Loans the Revolving Fund circulates from the city's Community Development sources have them: a family of two, income no more than \$17,850; a family of three, \$20,050; a family of four, \$22,300; and so forth. No such restrictions encumber loans from the Fund's own coffers.

As the fund requires, Jackson and Bruun already held title to the house when they applied for their renovation loan. A seven-member committee, drawn from the Armory District neighborhood and the Revolving Fund, approved the loan.

They were advised to apply for the loan by committee member Gilda Jeffrey, director of the West Broadway Incentive Corp. The corporation acts as a clearing house of information as to the availability of federal, state and city funding as well as private money. Jeffrey says the group particularly is interested in assisting the elderly and young home owners in her area.

With these resources, the couple has secured an outright grant of \$1,700 from West Broadway Incentive specifically to complete exterior improvements. The grant is in addition to their \$10,000 Revolving Fund loan, received at 5 percent interest, on money they have spent thus far, for a five-year period (8 percent interest loans are available on a 10-year plan too).

B. Clarkson Schoettle, Revolving Fund executive director, reports the fund has raised close to \$400,000, mainly in foundation, corporate and city community development money; about three-quarters of this is circulating through Armory District renewal projects. As loans are paid back, the payments are returned to the fund to become available for additional project lending.

Presently, the fund directs its energies solely to the Armory District, since its neighborhood already had been designated an historic district by the National Registry. Schoettle says his group is investigating other neighborhoods as possible target areas.

Renovators interested in projects for next spring and summer may call the fund at 272-2760.

10-21-85

Brown U. puts off divestment decision to February

PROVIDENCE — The Brown University Corporation, at its quarterly meeting Saturday, put off until February a decision on whether to sell all university-held stock in corporations that do business in South Africa.

The corporation, the university's top governing body, asked, in the interim, that two university committees studying divestment submit their recommendations as soon as possible. One of these committees was formed by the corporation, the

other a joint student-faculty enterprise.

The two committees were specifically asked to consider "total divestment."

Students last week voted on whether the university should divest its South African-connected stocks. About 25 percent of the student body cast ballots; of that 85 percent favored divestment.

The university now does not buy stock with South African ties, and has sold stock in corporations that

do not follow the "Sullivan principles," a guideline for ethical conduct in South African business.

The corporation also directed university administrators to cooperate with American and South African schools that seek a democratic, non-racial society in South Africa. It applauded Howard R. Swearer, Brown president, for working with other national academic leaders to form partnerships with South African universities dedicated to racial justice.

Episcopal Diocese acts on S. Africa

Convention votes to get rid of all stock in firms doing business there

By RICHARD C. DUJARDIN
Journal-Bulletin Religion Writer

NEWPORT — The Episcopal Diocese of Rhode Island's investment committee has been directed by the diocese's annual convention to sell off all its holdings in firms doing business in South Africa by March 31.

The sweeping move, approved on a voice vote of about 250 delegates during the convention's closing hour at Emmanuel Church, also directs each of the diocese's 60 parishes, as well as other agencies,

to consider making the same move and to report to the diocese by the same deadline.

Episcopal Bishop George N. Hunt III said he had no idea what percentage of the Diocese's \$7.6-million portfolio would be affected by the divestiture until officers had a chance to review all the holdings.

Earlier, he reported to delegates that if the diocese undertook limited divestiture, holdings in only six firms, representing 6 percent of its portfolio, would have been affected. (Those companies are Coca-Cola, Mobil, General Signal, Chase Manhattan, Colgate-Palmolive and Ford.)

YESTERDAY'S action came as delegates debated what initially had been a much milder resolution calling for "prudent divestment" of

holdings in companies "supporting" the apartheid system.

Although the language for that resolution was based in large part on language used by Bishop Hunt earlier in the day in his convention address, the bishop — when pressed by delegates — said he would personally vote for total divestiture.

It was just a year ago that perhaps the most visible opponent of apartheid, South African Anglican Bishop Desmond Tutu, addressed convention delegates at a meeting at Newport's Trinity Church. At the time, Tutu pressed for "economic sanctions" against South Africa's white-ruled government, but avoided questions on whether he favored divestment, noting at a press conference that calling for divestment was an "indictable offense" under South African law.

Bishop Hunt hinted to delegates yesterday that, based on his own talks with Tutu, he did not think the Anglican bishop would be unhappy if divestment actions were employed.

THE DEBATE yesterday showed a division of opinion over how best to help South African blacks.

Fred Hartmann of Emmanuel Church, a professor at the Naval War College, argued that forcing American companies that are trying to work toward the end of apartheid to leave South Africa could lead to bloodshed.

"Let us not be stampeded into selling stocks where the results could be completely unpredictable," he told delegates. "As a Christian, when I feed the hungry I

know what I am doing ... but when I embark on a policy that is political, unless I'm careful and have expert advice, I really have no idea where I'm going."

The Rev. Donald A. LaVallee of the Church of the Transfiguration in Cranston said bank statements and investment sheets have their place, "but their place is not to enslave a people whose country has been stolen from them. ... We must stand with what is right and stand against what is evil."

After the resolution was amended to mandate total divestment by March 31, it was approved on a voice vote.

The Episcopal diocese is the second religious group in the state to totally divest. The first was the American Baptist Churches of Rhode Island, which did so last spring.

IN OTHER action, delegates approved a resolution calling on all clergy and laity in the diocese to "prayerfully set aside the first Friday of each month for fasting" to show solidarity with Bishop Tutu and others in South Africa.

They also approved a resolution giving "thanks to God for the life, witness and ministry" of William Stringfellow, the often controversial Episcopal lay theologian from Block Island who died earlier this year.

Bishop Hunt said that even though Stringfellow had often "goaded" him with statements "I did not always want to hear," he believed that he reflected part of the "rich diversity" of the people of the Diocese of Rhode Island.

CONN. NOV 13 1985

Church of Christ to divest investments in S. Africa

HARTFORD (UPI) — The United Church of Christ decided yesterday to divest holdings in all companies that do business in South Africa and prepared a resolution demanding reductions in U.S. military aid to the Philippines. "It's estimated that \$6 million of our portfolio is invested in banks and corporations which do business in South Africa,"

and will have to be divested," said Ashley C. Snook, world issues secretary for the church, which has 1.7 million members worldwide. The church's 52 governing Board of Directors voted last weekend to divest in the estimated 25 to 30 entities in its portfolio that do business with South Africa, which continues its policies of racial segregation.

MEDIA RESOURCE LIST

Compiled by GEORGE A. WILEY CENTER

April 14, 1985

COMMUNITY/MEDIA WORKSHOP

NEWSPAPERS

PAWTUCKET TIMES 23 Exchange St., Pawtucket, R.I. 723-4000
Managing Editor: Bob Campbell. Community Groups are encouraged
to write their own OP.EDS.

PROVIDENCE JOURNAL/BULLETIN 75 Fountain St. Providence, R.I. 227-7000
Editor, City Desk: Joel Rawson. Outside of Providence, contact Jim
Rosenthal. Wiley Center has coordinated several meetings with Mr. Rawson

WOONSOCKET CALL 75 Main St. Woonsocket, R.I. 762-3000
City Editor: Tim Mannegin. Denise Perreault, reporter. Op Eds from
Community groups are welcome. Contact person: Jim Anagnostos

THE R.I. INDEPENDENT-A Sunday Newspaper. Marquette Plaza, Woonsocket
Tel. 769-2525. Editor: Frank Viscatis. Open to stories from community
groups.

NEWPORT DAILY NEWS 101 Malbone St. Newport, R.I. 849-3000
Contact: Jim Gillis
Providence Journal (Newport Edition) 170 Thames Street. Newport 846-0600
Editor: Elliot Krieger.
NEWPORT THIS WEEK 116 Bellevue Ave. Newport, R.I. 846-7766
Contacts: John Pantalone or Michelle Johnston.

PROVIDENCE VISITOR 184 Broad St. Providence, R.I. 272-1010 weekly
Editor: Owen McGovern This paper will look at Church connected articles.
They will do a centerfold with many pictures about a specific issue.

PROVIDENCE ECHO 243 Atwells Ave. Providence, R.I. 521-5760 (weekly)
Editor: Jean Rossi

THE RAKE Brown University
Contact person: Scott Doyle
R.I. TIMES Editor: Norman Jacques 334-3095
Extremely open to community issues.

R.I. VOICE Editor: Irwin Becker 274-7399
Extremely open to community issues.

COMMUNITY VOICE 439 Pine St. Providence 273-9660
Contact persons: Doug Mathews and Sharon Cornu
Extremely open to community issues.

THE EAGLE 9 Steeple St. Providence, R.I. 421-1552

THE NEW PAPER Mercantile Building 131 Washington St. Providence 273-6397
Contact person: Bill Van Sieten

WARWICK BEACON 3288 Post Road Warwick R.I. 02886 731-3100
Editor: Kim Schwab Deadlines Monday, noon-Wednesday noon.

WIRE SERVICES

ASSOCIATED PRESS 10 Dorrance St. Providence R.I. 274-2270
If you want your news to be put on the day book for the day before the
event, ask either in writing or by a phone call.

UNITED PRESS INTERNATIONAL State House, Smith St. Providence, R.I. 351-5955
If you want your news to be put on the day book for the day before the event
ask UPI the day before, either by phone or mail.

RADIO PROGRAMS

WBRU 88 Benevolent St Providence R.I. 272-9553

Contact person: Meredith Berkeman, director.

They do a Sunday night magazine show in 10 minute segments called "Viewpoint"

WLKW 1185 North Main St. 02904 331-7810

Contact person for weekly taped show: Stephanie Morris.

News and Public Affairs Director: Norm Jagolinzer. He also does a weekly taped show with important people.

WPRO RADIO 1502 Wampanoag Trail East Providence, R.I. 433-4200

Contact for weekly taped show: Mike Wolf

Producer of Steve Cass Show: Ann Gabbionelli.

WHJJ 115 Eastern Avenue East Providence R.I. 438-6110

Talk Show contact person: Ann Turner (Talk shows include: John Morgan, Charlie Huddle, Buddie Cianci)

"Let's Talk About It" a taped program for ½ hour. Contact person: George Castro.

News Contacts: Maureen O'Brien and John Carpilio.

WEAN 209 Westminster Mall Providence, R.I. 277-7900

News contacts: (before 12 noon) Bob Drake.

WPJB FM (same address and phone) "Lift Every Voice" contact Joe Fowlkes at 421-3708

WWON 98 Getchell Ave. Woonsocket R.I. 762-1240

News Contact: Gene O'Neil

Dave Russell, contact for daily radio show called Coffee An (8:35-10 daily)

Joe Heider, contact person for 12:30-1:30 talk show.

WOTB Box 450 679 West Main Road Middletown R.I. 02840 846-6900

Contact: Don Garry for his Sunday night show called, "Coastline"

WSNE FM 100 Boyd Avenue East Providence 02914 438-9300

General Manager: Mike Swartz

Talk Show Contacts: Dianna Koelsch "Focus" aired 7-8PM on Sundays.

Minority Monitor Contact: George Castro (½ hour show taped) Contact George at the Urban League at 351-5000.

WADK 140 Thames Street Newport, R.I. 846-1540

The "Freddie Fernandez Show" 9-10 AM daily. Contact Freddie Fernandez.

WNRI 776 Diamond Hill Road, Woonsocket, R.I. 02895 769-0600

Call-in Talk Show: Larry Poitras, Host

"Up Front" Roger Bouchard, host of this one hour show which is also simultaneously on Rollins Cable.

WRRI Box 426 West Warwick, R.I. 02893 821-6200

"Talk of the Town" radio talk show aired 8-9 am Contact people: Tom Janitti and Terry Killea.

"Kaleidoscope" contact Ernie Legault at 822-2599.

RADIO (continued)

WHIM 125 Eastern Avenue East Providence 434-2400

Public-Service Announcement contact: Vinnie Greco

"Viewpoint" a 1/2 hour program taped on Fridays and hosted by George Castro.
Contact George Castro at Urban League at 351-5000.

WGNG 95 John Street Cumberland, R.I. 02864 7259-000

Manager: Chuck Stevens Wayne Forest, News Person.

There are no talk shows on this station, but the station is very open to news. Call in the am to make announcements and you will be taped.

CABLE TELEVISION STATIONS

ROLLINS CABLE VISION Box 518 Lincoln, R.I. 02865 765-3802

Contact person: Roger Bouchard. There are daily simulcasts with WNRI
The 1 hour show is called "Up Front". Call 274-4270 or 769-0600 for more information.

Evening News (1/2 hour) regarding northern and southern R.I.. Contact person: Marty McCue or Ron Desimore.

This station accepts local P.R. announcements.

R.I.C.A.T.V. 50 Houghton Street Providence, R.I. 02865 (765-3802)

General Manager: Richard Tuthill

Statewide access--Contact Fred Lewis

Will accept local PR announcements

"Minority Focus" 7 pm on Mondays Contact: Burt Wallis, Robert Hurley or George Castro at 351-5000 (Urban League)

TIMES MIRROR CABLE 30 Quaker Lane West Warwick, R.I. 828-4528

Contact: Christine Vanacour.

Will accept local PR announcements.

COX CABLE CRANSTON 111 Comstock Parkway Cranston, R.I. 02920 941-6993

Contact person: Pat Bordeleau

This station will accept local P R from community groups.

Public Access.

CABLE TV OF EAST PROVIDENCE 1 Office Parkway East Providence, R.I. 438-7953

Contact person: Ronna Florio. Will accept local P R announcements.

Will cover local news issues.

FULL CHANNEL TELEVISION, INC 57 Everett St. Warren R.I. 02885 274-1250

"Take Notice" Contact Al Perriera and "Dialogue" contact Michael Sylvia

Will accept local P R announcements.

VISION CABLE%COLONY COMMUNICATIONS 169 Weybosset St. Providence R.I.

277-7633 Contact person : Dick Adams. Will accept local P R announcements
Area is in Pawtucket.

WESTERLY CABLE VISION 116 Granite St. P.O. Box 533 Westerly, R.I. 02891

596-1779 General Manager: Mari Carrie

CABLE TV (continued)

NARRAGANSETT, SOUTH KINGSTON, etc c.f. Rollins Cable T.V. Box 518
Lincoln, R.I. 02865 765-3802

NEWPORT MIDDLETOWN TIVERTON PORTSMOUTH LITTLE COMPTON, ETC
c.f. Rollins Cable TV P.O. Box 518 Lincoln, R.I. 765-3802

PUBLIC TELEVISION

WSBE Channel 36 24 Mason St Providence R.I. 75277-3636
Contact Person: Glenn Russell for three shows. "The Thirteenth State",
"Shades" about minorities, including women and "State House Report".
Will accept PR as long as it is not fund raising but educational.
Tuesday night program: Leroy Czakos, contact.



EXECUTIVE PRODUCER: Steve Ference
 News Desk: Jim Martin (assignment editor)
 News Director: David Bauer
 Community Service Programs: Contact Cathy Sherry
 for Public Affairs programs, contact producers.
 PUBLIC AFFAIRS PROGRAMS PRODUCED BY WJAR-TV

Contact Individual Producers for Guest Appearances

THE JIM MENDES
 SHOW

Taping-Wednesday - 10:30 AM
 Weekly public affairs program treating a wide range of
 topics and issues. Jim Mendes produces and hosts the
 program. (401) 751-5700, ext. 227

THE WEEK STARTS
 HERE

Taping-Monday - 10:30 AM
 Alternating religious series from the RI State Council
 of Churches. Reverend Ernest Ryden, Communications
 Director of the Diocese. (401) 246-0227

REAL-TO-REEL

Taping-on Location
 Alternative magazine style format program produced by
 the Catholic Diocese of Providence. Reverend Gerald Burr,
 Order of Preachers. (401) 278-4609

IMPACTO (Portuguese)
 HABLEMOS (Spanish)

Taping-Thursday - 10:30 AM
 Subjects often concern community organizations where the
 Portuguese and Spanish people can receive help and topics
 such as education, taxes, immigration and health are common.
 Frank Baptista (Portuguese) (617) 588-4386 and Rosario Pena
 (Spanish) (401) 277-2189 alternate each week as host.

URBAN FOCUS

Taping-Wednesday - 7:15 PM
 Varied format on a variety of topics centered around the
 minority community in Southeastern New England. Marsha
 Pitts-Williams is the host. (617) 872-5285

WELCOME

Taping-Tuesday - 10:30 AM
 Controversial and important community issues are discussed.
 Sara Wye hosts and produces. (401) 751-5700, Tuesdays only

THESE ARE THE
 DAYS

Taping-Monthly (One Hour Show)
 Public Affairs program centered around the elderly
 population. (Last Sunday of the month) Audience participation
 and varied segments. Sara Wye hosts and produces.

=====

10 NEWS CONFERENCE

Taping-Friday - 10:30 AM
 "Meet the Press" style format; program features area newsmakers
 interviewed by WJAR-TV News personnel. Dave Baer is the
 producer. (401) 751-5700, ext. 175

PM MAGAZINE

Taping-on Location
 Series on human interest events. Entertainment. Magazine-
 style format. Sheila Martines and Sprague Theobald are hosts.
 Richard Buchanan, Executive Producer. (401) 751-5700, ext. 268

SEE LOCAL LISTINGS FOR SHOWING TIMES

WINE T.V. 6 10 Orms Street Providence, R.I. 02903 (751-6666)
 Contact: Assignment Editor Laureen White, JOANNE BARTELS (NIGHT ED)
 "Newsreel" 2 minute daily on important events.
 "Letters to Dave Layman" read on T.V. acts as letters to the Editor
 Public Service programs W.L.NE CONTINUED Contact Truman Taylor
 News Editor: Mike Wolfe

WLNE-TV PUBLIC AFFAIRS PROGRAMS

1. ASK THE DOCTOR
 weekly on Sunday
 7:00 a.m.
 Host: Dr. Robert Greene
 Producer: Truman Taylor
 Taped Tuesday night
 Topic: Medical.
2. CONFLUENCE
 Weekly On Sunday
 8:00 a.m.
 Host: Truman Taylor
 Producer: Truman Taylor
 Taped Tuesday night
 Topic: Representatives from the
 3 major faiths discuss
 current events.
3. CAPE VERDE TODAY
 Monthly on Sunday
 12:30 p.m.
 Host: various
 Producer: Truman Taylor
 Taped: Tuesday night
 Topics: Relevant to Cape Verde
 community.
4. SIX-IN-WASHINGTON
 Monthly on Sunday
 12:00 Noon
 Host: Truman Taylor
 Producer: Truman Taylor
 Taped monthly on location in
 Washington, D.C.
 Topic: Current legislative
 activity.
5. THE PORTUGUESE AROUND US
 Weekly on Sunday
 8:30 a.m.
 Host: Various
 Producer: The Portuguese-
 American Federation of
 Bristol, RI
 Contact: Pat Grande, WLNE-TV
 Taped: Monday night
 Topic: Portuguese and their role
 in American society.
6. TRUMAN TAYLOR TALKS TO
 Bi-monthly on Sunday
 12:00 Noon
 Host: Truman Taylor
 Producer: Truman Taylor
 Taped: Wednesday afternoon
 Topic: News and current events.
7. NEW ENGLAND INVESTOR
 Monthly on Sunday
 12:00 Noon
 Host: Truman Taylor, WLNE-TV
 Joe Barry, Merrill Lynch, Inc.
 Producer: Pat Grande
 Taped: Wednesday afternoon
 Topic: Part 1: Market overview/letter
 Part 2: Guest Financial expert

(krib)

News Director: Ed Hart
Assistant News Director: Charlene Perrone
Assignment Editor: David Graves

knight-ridder broadcasting inc.

wpri-tv 12

LOCALLY ORIGINATED REGULARLY SCHEDULED PROGRAMS

Mon - Fri	12:00 - 12:30 PM	NEWSCENTER 12 - MIDDAY
Mon - Sun	6:00 - 6:30 PM	NEWSCENTER 12
Mon - Sun	11:00 - 11:30 PM	NEWSCENTER 12/NIGHTSIDE
Mon - Fri	7:25 - 7:30 AM	Local News Cutin -GMA
Mon - Fri	8:25 - 8:30 AM	Local News Cutin -GMA

CONTACT: NEWSROOM
(401) 438-3310

TROUBLESHOOTER (401) 438-1422
MISSING CHILDREN 1-800-235-3535

For the following programs, contact Joe Fogarty (401) 438-7200

Mon-Fri VT 6:25-6:30 AM IN TOUCH - Week long constellation of significant issues and needs in education, health, elderly affairs and the like.

Mon-Fri VT 6:55-7:00 AM JOB HUNT - Unemployed clients of job placement agencies describe their job qualifications.

Friday LIVE 10:30-11:00 AM DIRECT QUESTION - Community expression on a one-to-one basis, featuring guests from the widest range of community life who are concerned with problems and needs, and who respond by telephone communication to our public.

Sunday VT 12:30-1:30 PM TAKE 12 - Expositions, demonstrations and discussions by area residents concerned with community problems, needs and issues.

Sunday VT/LIVE 6:30-7:00 PM NEWSMAKERS - Guests who are in a newsworthy situation, immediate or long term, respond to TV 12 and guest newsmen's questioning.

For KIDS' WORLD, contact Ben DeLuca (401) 438-7200

Saturday VT 11:00-11:30 AM KIDS WORLD - A television news magazine for children, reported weekly by Kids, ages 7 through 15. Inquiries invited.

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 Merrill Lynch and Company
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 Monsanto Fund
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 National Distillers &
 Chemical Corporation
 Natomas Company
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 Smith International, Inc.
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 California
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 Guaranty Company
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 Corporation
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 United Telecommunications,
 Inc.
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 Company
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 Aetna Life and Casualty
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 Allied Chemical Corporation
 Allied Chemical Foundation
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 First Bank System, Inc.
 First Chicago Corporation
 First National Boston
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 Florida Power Corporation
 Florida Power and Light
 Company
 Ford Motor Company
 Fruehauf Corporation
 Geico Corporation
 General Motors Corporation
 General Public Utilities
 Corporation
 General Reinsurance
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 General Signal Corporation
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 Corporation
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 Corporation
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21 R.I. groups protest Fleet loan policies

11-23-85

Federal Reserve asked to review bank's internal investigation

By JAN BROGAN
Journal-Bulletin Business Writer

PROVIDENCE — The Providence Human Relations Commission, a city agency, and 20 housing advocacy groups have jointly filed a protest of Fleet National Bank's lending record with the Federal Reserve Bank, which must approve Fleet's plans to acquire banks in two states.

The groups also asked the Federal Reserve Bank to review former U.S. Atty Gen. Griffin Bell's internal investigation of Fleet, which is expected to be completed within a week.

Robert M. Brady, assistant vice president at the Federal Reserve Bank of Boston, yesterday said the regulatory agency had already asked Fleet for a copy of Bell's report. He said it will be considered as part of the review of Fleet's application.

The report, commissioned by Fleet, investigates the bank's involvement with the scandal-plagued Rhode Island Housing and Mortgage Finance Corporation. Although the bank has not been charged with any crimes, three bank officials have been indicted on various charges involving fraudulent mortgages.

★ ★ ★
FLEET FINANCIAL GROUP, parent of Fleet National Bank, wants to acquire First Connecticut Bancorp., in Hartford, and Merrill Bankshares, in Bangor, Maine, in a deal that would make it the third-largest bank holding company in New England.

The protests were filed under a provision of the Community Reinvestment Act, a measure passed in 1979 that requires banks to make loans in all areas of the community.

Under one provision of the law, a bank's lending record is scrutinized when it seeks regulatory approval to open a new branch or acquire another bank. Community groups are asked for comment.

According to papers filed at the Federal Reserve Bank of Boston Nov. 18, the Providence Human Relations Commission and the housing advocacy groups say Fleet has failed to make loans for multiunit housing in low-income areas and has repeatedly discriminated against Southeast Asian refugees in its loan practices.

★ ★ ★
THE STATEMENT notes that Fleet has been the most active bank in the RIHMFC low-interest mortgage program, but quotes an article in the *Journal-Bulletin* of July 14 that states that since 1978, less than one percent of those low-interest mortgages went to federally designated, low-income target neighborhoods.

The groups have asked the Federal Reserve to hold a public hearing on Fleet's lending record. Granting this request could hold up the Federal Reserve's approval of the acquisition, Brady said.

However, Fleet is currently negotiating with the Providence group, according to all parties. Fleet's negotiations earlier this week with the South Providence Revitalization Committee, the advocacy group that eventually wrote in the bank's support, led to the announcement of a \$8.6-million, low-interest home loan and mortgage program for some of the city's poorest neighborhoods.

Robert W. Lougee Jr., Fleet senior vice president and spokesman, said the bank has received a copy of the filing the group made with the Federal Reserve Board and is trying to figure out if there is any validity to the claims.

'It's not necessarily indicative that the bank is doing something wrong in the community. Many of these protests ... do not raise substantive issues under the law.'

ROBERT M. BRADY
federal regulator

However, he said the bank has received high grades from federal regulators who each year review the bank's record on community lending.

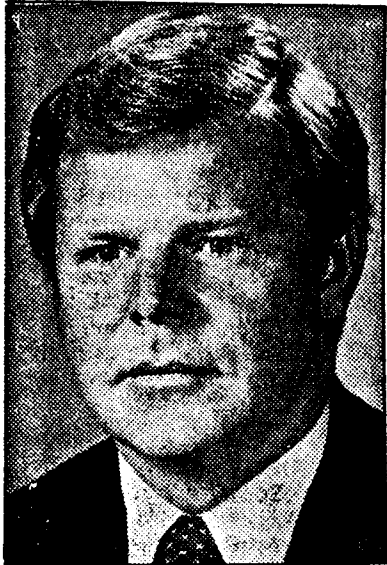
★ ★ ★
THE COALITION of 20 housing advocacy groups includes such organizations as the Rhode Island Indian Council Inc., the Fox Point Neighborhood Housing Corp., South County Community Action, the Hmong-Lao Unity Association, and the Providence Anti-Arson Coalition.

Earlier this week, after Fleet and the South Providence Revitalization Committee announced the low-interest loan program, Councilman Lloyd T. Griffin, who represents part of the South Providence area, said he read about community groups in Chicago successfully using the 1979 law.

The group then hired a Chicago consultant to learn how to do the same thing in Rhode Island.

The Federal Reserve application process is a forum community groups use to try to accomplish their goals, Brady noted. "It's not necessarily indicative that the bank is doing something wrong in the community. Many of these protests are well-intentioned, but do not raise substantive issues under the law."

Largest bank unable to shake loose from scandal



J. TERENCE MURRAY
...his in-laws received
low-interest mortgage



GRIFFIN BELL
...hired by Fleet
to investigate bank

By **THOMAS S. MULLIGAN**
Journal-Bulletin Staff Writer

For Fleet National Bank, RIHMFC is like one of those Chinese finger puzzles: The harder you pull, the tighter it holds.

Fleet, Rhode Island's largest bank and the chief subsidiary of one of the nation's most profitable regional banking companies, has been unable to shake loose from the housing agency scandal. Although the matter has apparently had no impact on Fleet's reputation outside Rhode Island, it has clearly been painful for Fleet executives and a distraction from their business.

In May, Fleet's mortgage department chief was charged with fraudulently obtaining a low-interest RIHMFC mortgage for himself. In June, the *Journal-Bulletin* named the bank as a key participant in a system of favoritism under which RIHMFC mortgages from a secret fund were doled out to the sons and daughters of political and business leaders. A few days later, Fleet chairman J. Terrence Murray admitted that his wife's parents had received a mortgage from the same fund.

The revelations have come at a time when Fleet Financial Group is trying to build on its status as a darling of the national financial community. In the last two years, Fleet has won rave notices from *Forbes*, *Barron's* and *Business Week*, among other publications, and its stock has been touted by such securities firms as Merrill Lynch, Smith Barney, and Keefe Bruyette & Woods.

Fleet's profits reached \$20 million in the second quarter of 1985 — an all-time high. And last month, keeping up the momentum, Fleet announced plans for two major acquisitions: the sixth largest banking company in Connecticut and the largest locally-based

banking company in Maine.

But RIHMFC won't let go.

Connecticut's acting state banking commissioner, whose office is considering Fleet's acquisition plans in Connecticut, last week announced he would hold a public hearing Oct. 17 to examine Fleet's relationship with RIHMFC.

A week earlier, U.S. Atty. Lincoln C. Almond had said his ongoing federal probe of RIHMFC would include a look at the agency's dealings with Fleet.

In an effort to get unstuck from

the controversy, Fleet has made a series of moves recently:

- It decided that no longer may bank employees obtain RIHMFC loans through Fleet; if they qualify for the subsidized mortgages, they must apply through other banks.

- Fleet and its partners agreed to let RIHMFC out of a controversial lease for office space at the new Fleet Center.

- The bank agreed to buy back from the agency 39 of the questionable mortgages.

- Most dramatically, Fleet's

directors hired Griffin B. Bell, an Atlanta lawyer and former United States attorney general, to conduct a private investigation that will, as Bell put it, "tell them what was wrong, if anything, and what they ought to do about it."

Fleet's stock price has tumbled more than 20 percent in the last 2½ months, but analysts attribute that to factors other than RIHMFC. After hitting a 1985 high of \$43 a share in the second week of July, the stock had slid to \$33.50 a share at the close of trading on Thursday.

Tracey Stangle, a senior vice president at the firm of Coburn & Meridith in Hartford, said of the scandal's effect on Fleet: "On a scale of 1 to 100, maybe it's a 1 or a 2. I don't see sophisticated investors being too worried about it."

He said a more likely explanation for the price drop is the stock market's general disenchantment with regional banking companies plus some uncertainty about how well Fleet will absorb the two large acquisitions it has planned.

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BRASSWORKS

387 CHARLES ST., PROVIDENCE, RI 02915 MON.-FRI. 9 AM - 5 PM

FABULOUS HAND KNIT SWEATERS

Famous maker hand knits and now selling in
major stores for \$72.00

ELCO'S
PRICE
ONLY **\$20⁰⁰**

Assorted Styles and Colors
Missy Sizes Only
While Supply Lasts

The Finest in Factory Outlet Shopping
Highest Fashion at
Lowest Prices

330 Collette St., New Bedford, MA
Mon.-Sat. 9:30-4:00
From Route 195 Take Route 140N to
Hathaway Road exit. Left on
Hathaway Road, over railroad tracks
to right on Nash Road. Go through set
of lights to right on Brook Street.
Store is in factory at end of street.

420 Quenquechan St., Fall River, MA
Mon.-Sat. 9:30-5, Sun. 12-5
From Providence Take 195 East to Ex-
it 8A (Rte. 24, Newport / Tiverton)
Follow Signs

WE CARRY SIZES
PETITE: 2-14 MISSY: 4-16
Dresses Sportswear
LARGE SIZES: 12-22 36-40

Elco
the Dressmakers
FACTORY STORE