

A newsletter from the Philadelphia Federal Reserve Bank about consumer credit and community reinvestment

Provident Announces Winners of "Partners In Community Performance" Grants

Eight community groups in the Delaware Valley will receive a total of \$360,000 for core operating expenses from Provident National Bank under a new "Partners in Community Performance" program. Each group, which will receive a total of \$45,000 over three years, was awarded the first installment of \$10,000 in late 1989. The program will provide \$15,000 this year and \$20,000 in 1991 and will be offered again to new applicants this fall.



Pictured above, at the presentation of the first installment of the Provident National Bank's "Partners in Community Performance" program, are bankers and representatives of community groups selected for funding. They are (left to right): Provident Coatesville Branch Manager, Romaine Dunlap; Coatesville Action Corp. Chairman, Andrew Jones; Chester Community Improvement Project Executive Director, Kent James; Kensington Action Now/Kensington Area Revitalization Project Executive Director, Deborah Fischetti; Coatesville Action Corp. Executive Director, Richard Nassau; St. Joseph's Carpenter Society Chairman, Msgr. Robert T. McDermott; Better Homes of Bucks County Director of Development, Sheila West-Bey; St. Joseph's Carpenter Society Associate Director, Shelia E. Robinson; Central Germantown Council Chair, Rev. John G. Martin; St. Joseph's Carpenter Society Executive Director, Peter J. Gilmartin; Philadelphia Chinatown Development Corp. Executive Director, Cecilia Moy Yep; Philadelphia Chinatown Development Corp. Chairman, George Moy; Advocate Community Development Corp. Executive Director, Spencer Sewell; Advocate Community Development Corp. Chair, Christine Washington; Provident Germantown Branch Manager, Shirlyn Swann; Provident Oxford Valley Mall Branch Manager, Maxine Mervine; and Central Germantown Council Executive Director, Don Scott.

"Often neighborhood groups have difficulty raising funds to sustain themselves on a daily basis. Time and resources are expended securing rent money and paying salaries--time and resources that could be spent in renovating housing, rehabilitating commercial corridors, and developing local leadership," said Provident Vice President Debra Amper Kahn, explaining the rationale for the program, the newest component of the bank's CRA initiatives, and a "first" for a Philadelphia bank at this level of support. "These eight recipients met our criteria: strength of leadership and past performance, community involvement, financial need and a demonstrated ability to use funds effectively," she added.

Two Non-Profits To Rehab Old School; Work for Social, Economic Progress in Philadelphia Neighborhood

A worn-out school building will change appearance and efficiency soon. The Powers School in Philadelphia's New Kensington area will be rehabbed this summer, thanks to the efforts of two non-profits.

The New Kensington Community Development Corporation (NKCDC), recently announced as the recipient of a \$250,000

discretionary grant from the federal Office of Community Services, has joined with the Community Women's Education Project (CWEP) to use that money as part of a \$1.5 million three-year capital campaign.

"We are going to clean and brighten the school. We'll sand floors, repair water-stained ceilings, put in new light fixtures,

continued on page 2

Two Non-Profits To Rehab Old School...



John Carpenter, Director of Real Estate Development for NKCDC; Marilyn B. Wood, Executive Director of CWEP; and Michael D. Layton, Executive Director of NKCDC stand in front of 90-year-old Powers School, being rehabbed to better serve the community.

paint walls, and make the building handicapped-accessible. A new, modern heating system is expected to result in energy cost savings of up to 50 percent," said CWEP Director Marilyn B. Wood. (CWEP, which owns the school, currently offers services such as career preparation, college level classes, and computer training. In line with its "family support" philosophy, CWEP has worked to bring in other activities such as the GED [high school diploma] program, Head Start, and parenting courses.)

The second non-profit, NKCDC, which contributed its entire large grant to the rehab project, continues to help revitalize the area, which was once the "workplace of the world---a magnet for Irish and German immigrants" according to Director Michael D. Layton. "We have not shared in Philadelphia's economic growth. Welfare dependency and lack of education impede our residents; deteriorated buildings plague the real estate market; one quarter of our residents live below the poverty level; and our high school drop-out rate is more than 50 percent. But things are looking



Colleen O'Connell, Computer Education Coordinator with CWEP, in the classroom. Daycare is provided for children of students enrolled in CWEP classes at Powers School.

up," he said. "NKCDC recently rehabilitated seven shells into owner-occupied homes. Continental Bank provided mortgages to qualified buyers while Philadelphia National Bank offered construction financing, and both banks continued grant support."

"We have completed a mixed-use development which includes our offices and three apartments, and have rehabbed 11 single-family owner-occupied houses," said Rich Franck, NKCDC Housing Specialist. "Vacant houses are bad news. We take inventory of housing stock, make rehab plans, prepare proposals for the city, and we choose to rehab in a block

where our improvements will stimulate development by other partners."

"We hope to obtain a vacant lot directly across from our popular senior center, which offers programs for about 900 elderly persons. We'd like to build rental housing for senior citizens in that convenient location," said Chuck Valentine, NKCDC Mortgage Counseling Manager. For details on NKCDC, write Michael D. Layton, 2513 Frankford Avenue, Philadelphia, PA 19125 or phone him at (215) 427-0350; on CWEP, write Marilyn B. Wood, Director, Frankford Avenue and Somerset Street, Philadelphia, PA 19134 or phone her at (215) 426-2200.

Meridian Executives Lead Two NHS Fund Drives

"Neighborhood Housing Services (NHS) is a strong component of community development efforts---that's why our top management has volunteered to head NHS fund drives," said Nora Mead Brownell, Vice President and Corporate Community Relations Officer, Meridian Bancorp.

In Reading, where the bank has had a close 12-year relationship with RNHS, a partnership mortgage plan that includes financing the down payment and closing costs produced 24 new low to moderate income homeowners last year, she added. Ezekiel S. Ketchum, President and Chief Operating Officer, is heading the Reading NHS fund drive, which began in February and has a goal of \$200,000.

Spearheading the Philadelphia NHS campaign, which started in March with the objective of raising \$500,000, are Samuel A. McCullough,

continued on page 5

Thoughts on a CDC: One Director's Experience and Insight

(CASCADE interviews Michael D. Layton, Executive Director of the New Kensington Community Development Corporation. Don Kelly, former Senior Community Affairs Specialist, asks the questions.)

What are the secrets of your success as one of Philadelphia's most productive organizations?

Our board and staff have a clear vision of what we want the neighborhood to look like and we stick to our goals. Also, we have nurtured relationships with organizations, funders, and banks. Our accountability to our constituents is another vital factor. The majority of our board is made up of community representatives and the balance generally represents neighborhood institutions. Clearly, accountability is difficult. Is there shared vision? Can we discuss things without factionalizing? I don't know if our board of directors will be the same in five years. But I know that our accountability will remain as a factor in influencing our success.

The "clear vision of what you want the neighborhood to look like"---was that difficult to achieve?

The neighborhood is homogenous enough to insure a common sense of potential. People who understand that we are trying to eliminate vacancies and bring in non-profits and business services trust their neighbors to make decisions that affect their lives.

Do you see any patterns in the setbacks that some Philadelphia CDCS are experiencing?

A CDC is almost a contradiction in terms. It has concern for its fellow man and yet it is trying to change the economy. To operate a hybrid stretches one's imagination. If you come down hard on the

business end of things, people chafe, feeling that you are rather heartless. On the other hand, decisions made solely from the charitable side can put you out of business! I think Philadelphia CDCs find it tough going. Some have target areas too small to operate in effectively. Turfism has plagued Philadelphia, and dealing with the city government has been difficult, since city funding of non-profits has decreased. Demands on budgets in such areas as homelessness, AIDS, and teen pregnancy mean that priorities have shifted.

Is there a lack of talented staff in the CDC field?

At NKCDC we have some of the finest people, and we've been able to retain them. But few of those folks I started working with six years ago are still around, having gone to the private sector and city government. Those veterans came out of tenants' rights groups; their training came from mentors who knew what they were doing. Also, the people most likely to work in a CDC are those of good will who want to serve humanity, while the people you need are the ones with technical skills, who know how to do a budget and get a house built. The combination of those values and skills in a single person is hard to come by.

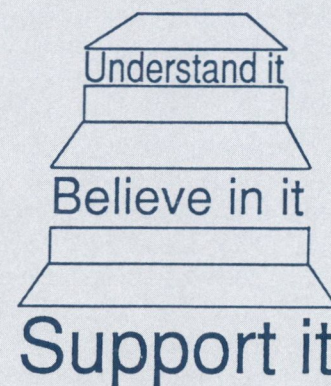
What led you into community development?

I'm a neighborhood person. I was born and raised in this neighborhood. After college, I worked and bought a home here. I got involved with the community credit union (New Kensington Federal) and was elected to the board. I was recruited to be director of the neighborhood advisory council; we incorporated NKCDC in 1985, and I subsequently became its director.

What does the future hold for CDCs?

There has been a trend of CDCs closing their doors. In a way we could make a virtue of that. If there were fewer CDCs they would have larger target areas, and be better funded and staffed. At present we are too small to have meaningful impact on the economy unless we work in concert with the private and public sectors, maximizing public support, leveraging that with bank financing, and using private capital to make things like shopping centers, housing developments and social services happen. I think it's important that CDCs don't leave out other non-profits within the community. We work closely with one, "The Pre-School Project," which stresses early childhood education. Unless we can make educational opportunities more available to our children we are going to fail at changing the local economy. And unless we can work with community organizing groups on keeping the streets clean and crime-free, we will not get very far. I am especially excited about our joint venture with the Community Women's Education Project. The mission, to educate women, will have a great impact on our community.

A 3-Dimensional View of Community Revitalization



Harrisburg Bankers Hear About Lease-Purchase

Some people want to be homeowners, but they can't be. Often they don't have the down payment, or can't qualify for a mortgage yet they are employed, with reliable income. A popular remedy to this is "lease-purchase."

Two experts at a recent meeting of the Fed-sponsored Harrisburg Community Affairs Officers Council described this method. "People with money problems can often work through them during the lease part of the agreement," said Joseph Cronyn, Enterprise Foundation Field Officer. (At the end of a stipulated lease time, the title can pass to the tenants, who get mortgages from developers or banks. Usually, a specified amount has been set aside from each monthly rental payment during the lease period to make up the required down payment.) "Lenders may need gap financing from Community Development Block Grants or foundations. Neighborhood organizations can provide credit counseling. Tenants are receptive to this, because most want to own homes so much that they are willing to walk through fire," he said.

A tenant conversion plan has been a success in Baltimore, explained Vincent Quayle, Director of St. Ambrose Housing Aid Center. "We have helped about 4,000 persons become homeowners," he said. "We inspect, appraise, and negotiate, providing balloon mortgages to finance tenant conversions. We originate and service the loans; a sympathetic S&L takes us out after the balloon expires. There is \$300,000 in our present loan fund, and our goal is \$1 million. Our objective is to reduce the need for landlords in Baltimore City." (Quayle, whose 22-year-old organization has a \$2.5 million budget and a staff of 35, is also a member of the Consumer Advisory Council of the Federal Reserve's Board of Governors in Washington.)

For additional information contact: Vincent Quayle, St. Ambrose Housing Aid Center, 321 E. 25th Street, Baltimore, MD 21218, phone (301) 235-5770; or Joseph Cronyn, The Enterprise Foundation, 505 American City Building, Columbia, MD 21044, phone (301) 964-1230.

Community Affairs: Newsletters By The Federal Reserve System

Federal Reserve Banks throughout the U.S. are seeking to promote community reinvestment. Many have initiated newsletters for bankers, community groups, and government agencies. A national network of information, these free newsletters contain practical information on community affairs and highlight successful community development programs. The titles and addresses of various publications follow:

Profitwise - Lorraine Woos, Editor, Consumer and Community Affairs Section, Federal Reserve Bank of Chicago, P.O. Box 834, Chicago, IL 60690.

Community Affairs at the Federal Reserve Bank of Dallas - Michon W. Fulgham, Editor, Community Affairs Department, Federal Reserve Bank of Dallas, Station K, Dallas, TX 75222.

Community - Richard Einan, Community Affairs Officer, Federal Reserve Bank of Minneapolis, Minneapolis, MN 55480.

Community Investment - Kelly Walsh, Community Affairs Officer, Federal Reserve Bank of San Francisco, 101 Market Street, San Francisco, CA 94105.

University Offers Management Courses To Nonprofit Groups

"Nonprofits operate in distinctive environments and have unique missions," said Dr. Karen Curtis, of the Urban Agent Division, a public service unit of the University of Delaware's College of Urban Affairs. "That's why we are offering practical training for staff and board members of nonprofits in Delaware and the surrounding area." The program includes a Nonprofit Management Certificate course now underway, covering essential management elements; an Advanced Nonprofit Management Certificate course, to begin in July; and workshops on timely issues. Tuition scholarships will be offered.

While there is no direct linkage to the CRA climate, the University of Delaware "has always worked with organizations which seek to increase neighborhood economic health," Dr. Curtis pointed out.

"We have trained about 350 people from community groups in the past five years. Requests for management training have doubled during that period, leading us to design a comprehensive program."

For details, contact her at Urban Agent Division, College of Urban Affairs, University of Delaware, 913 Market Street Mall, Wilmington, DE 19801, or phone (302) 573-4465.

CRA - Simplified

If you want a shorthand way of understanding the Community Reinvestment Act think of three little words -

Commitment

Record

Attitude.

Each is a prerequisite for achieving compliance with the law. Of the three, Attitude is both the starting point and the most important factor.

- Fred Manning

Community Affairs Specialist Departs

Don Kelly, Senior Community Affairs Specialist, has joined The Provident National Bank as Community Reinvestment Manager and Assistant Vice President. From February, 1986, to February, 1990, Kelly was a member of the Community Affairs Department of the Philadelphia Fed.

Among his accomplishments: He developed and wrote community profiles for Camden, Harrisburg, and Trenton, and implemented the formation of Community Affairs Officers Councils in those cities. He was a liaison with numerous community groups and banks throughout the Federal Reserve District. He served as Treasurer of the Neighborhood Housing Services of Camden, and established the process among bankers, community groups and government that led to the Trenton Housing Plan.

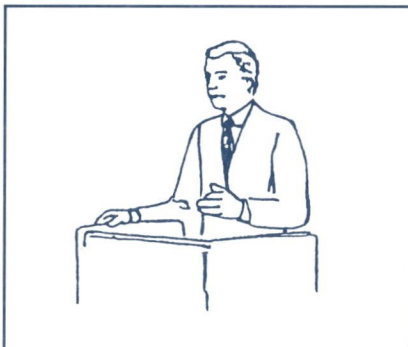
Prior to joining the Philadelphia Fed, Kelly worked in Chicago where he was a Community Reinvestment Planner with the Woodstock Institute; Manager of Community Relations for Talman Home Federal Savings and Loan Association; and a community organizer with Catholic Charities. Prior to that, he was a Peace Corps Volunteer in Guatemala.

"Kelly's exceptional contributions to the function will be missed," said Fred Manning, Vice President and Community Affairs Officer, while Kelly remarked, "The four years I spent at the Fed were tremendously stimulating. I am pleased that I am remaining in the Philadelphia banking community and I look forward to continuing cooperation with community groups, bankers and my Fed colleagues.

Celebrate New Housing For North Philadelphia



Banking, city, and community representatives gathered recently to commemorate a collective effort which resulted in a 55-unit low income housing project in Francisville, North Philadelphia. Philadelphia National Bank committed \$3.5 million in equity and also provided construction financing. Community Ventures, Inc., a community-based non-profit, is developer and general partner. Shown (left to right) are Cardell Blue, Executive Vice President of the Philadelphia Housing Development Corporation; Robert B. Palmer, President and Chief Executive Officer of Philadelphia National Bank; Una Vee Bruce, Executive Director, Concerned Citizens of Francisville; Raul Serrano, President, Spring Garden United Neighbors; Edward Schwartz, Director, Philadelphia Office of Housing and Community Development and Dr. Bernard Anderson, Managing Partner, Urban Affairs Partnership.



Need a Speaker?

Recent developments related to the Community Reinvestment Act (CRA) arising within the Federal Reserve, the banking industry, legislative circles, and community organizations, have occasioned questions on many points. Subject to availability, these issues can be presented in talks to various audiences, ranging from boards of directors of banks to neighborhood and civic groups, by Fred Manning, the Philadelphia Fed's Community Affairs Officer. Another speaker from the Community and Consumer Affairs Department who may be available for guidance on consumer banking legislation is Phil Farley, Manager of the Regulations Assistance function. For details phone (215) 574-6458.

Meridian Executives...

Chairman of the Board and CEO, with Julius Erving ("Dr. J"), a member of the Board of Directors. Another volunteer is Steven P. Kurtz, Executive Vice President, Corporate Banking is PNHS treasurer and board member. For information on PNHS, contact Ceane Rebada, Director, 511 N. Broad Street, Philadelphia, PA 19123 or phone (215) 829-9899; on RNHS, contact Jose L. Madrigal, Director, 221 W. Buttonwood Street, Reading, PA 19601 or phone (215) 372-8433.

No personal considerations should come in the way of performing a service for society.

- Ulysses S. Grant

Midlantic Corporation Holds CRA Retreat

Midlantic Corporation may have had a "first" for the banking industry recently when it sponsored a CRA conference in the form of a corporate retreat---at the Educational Testing Service conference facility in Princeton.

The retreat brought together in one place external and internal members of Midlantic Corporation's various community advisory boards, who went over organizational performance in consumer and community banking matters and shared suggestions about enhancing Midlantic's efforts in community reinvestment.

Among the 81 participants were bankers from Continental Bank, United Penn Bank, The York Bank, and Midlantic National Bank, and leaders of community-based organizations, advocacy groups, and community redevelopment experts.

Speakers from various sectors who addressed the Conference included: Ray Desiderio, Senior Vice President, Continental Bank; Rev. Joseph Kakalec, Executive Director, Regional Council of Neighborhood Organizations; Marshall L. Wolf, Executive Vice President, Midlantic Corporation; Jeremy Nowak, Executive Director, Delaware Valley Community Reinvestment Fund; and Fred Manning, Vice President and Community Affairs Officer, Philadelphia Fed. The program was conceived and moderated by Mr. Wolf.

A Salute

One of the most important reasons why this country is still the richest, most productive country the world has even seen is the role that bankers here have played throughout our history. As a group they have suffered demeaning and wholly unjustified denunciation as everybody's favorite scapegoat. If you really want an unsung hero, the banker is it. - Senator William Proxmire

Two Bankers' Groups Form Task Forces



Two major trade organizations are gearing up to take positive and comprehensive approaches to community development. They are the Pennsylvania Bankers Association (PBA) and the New Jersey Bankers Association (NJBA). Both have formed task forces to address affordable housing and related matters. Marshall L. Wolf, Executive Vice President of Midlantic Corporation, Edison, N.J., is heading the NJBA committee, while Lawrence T. Jilk, Jr., Chairman of the National Bank of Boyertown, Pa. is chair of the PBA task force. CASCADE will report on activities of these important task forces in future issues.

Meeting recently at the Philadelphia Fed to discuss the formation of community development task forces by the Pennsylvania and New Jersey Bankers Associations were (left) Lawrence T. Jilk, Jr., Chairman of the National Bank of Boyertown, Pa., with host Fred Manning, Vice President and Community Affairs Officer of the Reserve Bank (center) and Marshall L. Wolf, (right) Executive Vice President, Midlantic Corporation, Edison, N.J. Messrs. Jilk and Wolf will chair the efforts in their respective states.

Fed Councils Mean Two-Way Flow of Information

The community bank advisory council is one of four councils which meets twice yearly at the Philadelphia Fed. Council members provide information about economic conditions in their areas and senior officers of the Reserve Bank explain monetary policy and regulatory issues.

At press time, members of the Fed's community bank advisory council, who are elected to three-year terms by the Bank's directors are: Chairman, Frank Kaminski, Jr., President and CEO, Pennsylvania Independent Bank, Camp Hill, Pa.; Deputy Chairman, Dennis W. DiLazzerro, President Minotola National Bank, Vineland, N.J.; Gerard M. Banmiller, President and CEO, Community National Bank of New Jersey, Westront, N.J.; Robert E. Dickerson, President, Baltimore

Trust Company, Selbyville, Del.; William K. Francis, President, Citizens & Northern Bank, Wellsboro, Pa.; Wayne H. Hainley, President, The Glendale National Bank of New Jersey, Voorhees, N.J.; Agnes Jones, President and CEO, The Grange National Bank of Susquehanna County, New Milford, Pa.; Lawrence J. LaMaina, Jr., Chairman, President and CEO, Farmers Bank and Trust Company of Hanover, Hanover, Pa.; Robert Mazzei, President and CEO, Constitution Bank, Philadelphia; John C. Nichols, Cashier and CEO, Felton Bank, Felton, Del.; Harold A. Queen, President and CEO, Mauch Chunk Trust Co., Jim Thorpe, Pa.; and George R. Welch, President and CEO, Continental Bank of New Jersey, Laurel Springs, N.J.

Bankers from Five Cities Gather To Hear CRA Experts at Fed-Sponsored Conference

A "first" for the Philadelphia Fed happened recently when bankers from five cities---members of Fed-sponsored Community Affairs Officers Councils---came together to hear three experts discuss issues central to the Community Reinvestment Act.

Meeting at the Philadelphia Fed, the audience of 82 bankers, representing Camden, Trenton, Harrisburg, Wilmington, and Philadelphia, heard Fred Manning, Vice President and Community Affairs Officer, introduce the speakers.

Glenn Loney, Community Affairs Officer at the Board of Governors, described the meaning of recent amendments to the Community Reinvestment and Home Mortgage Disclosure Acts. Loney indicated that Congressional interest in the subject of banks' activities in community reinvestment and equal credit opportunity is at a very high level. Media attention is also increasingly focusing on the same subjects.

Loney chairs the CRA Committee of the Federal Financial Institutions Examination Council in Washington. He emphasized that CRA examinations are becoming much more rigorous. As a result, declines in bank ratings are substantially outnumbering at present the incidences of protested applications in the Federal Reserve System. Carol Petersen, Vice President and Community Investment Officer at the Federal Home Loan Bank of Cincinnati, reported on the major operational changes in the Home Loan Banks' mission as a result of the FIRREA legislation. She stressed the new emphasis that is being placed on assisting in finding solutions for the affordable housing problem. Of special mention was the capacity of the regional Home Loan Banks to provide subsidy financing for projects targeted to this objective.

Manning also pointed out the benefit to commercial banks of involvement with thrift institutions in creative partnership arrangements for housing and economic development involving blended financing sources.

The final speaker, Vice President and Community Affairs Officer William Spring of the Federal Reserve Bank of Boston, commented at length on a major study by his organization of residential mortgage lending patterns in Boston and on

subsequent initiatives by the Massachusetts Bankers Association to enhance credit flows into low-income areas.

Among the interested attendees at the program were officials of the Pennsylvania Bankers and New Jersey Bankers Associations. In separate actions (which are described elsewhere in this issue) the trade organizations have lately formed community development task forces.



Speakers at the conference were (left to right) Glenn Loney, Carol Petersen, Fred Manning, and William J. Spring.

Wilmington Speakers Discuss Housing, Small Business



Speakers at the most recent meeting of the Wilmington Community Affairs Officers Council relax following their presentations in the Hercules Building, downtown Wilmington. They are (left) William F. Krauss, Vice President of Delaware Trust Company and Alan J. Matas, Executive Director of the Wilmington Home Ownership Corporation (far right), who described a Delaware Trust-City of Wilmington Partnership involving the rehab and sale of vacant houses to first-time homebuyers. Edwin H. Nutter, Jr., Executive Director of the Wilmington Economic Development Corporation (center), explained his agency's small business financing programs to the Fed-sponsored Council.

Community Affairs at the Philadelphia Fed: Why We Are Here, What We Do

On January 1, 1990, the Philadelphia Fed's Community Affairs Department was five years old. It is the only such department in the entire Federal Reserve System. As we celebrate our fifth birthday, CASCADE wants to give our readers a clear concept of what we are all about.

First, why are we here?

Our mission statement tells the story,

(1) To represent the Reserve Bank in private discussions and public programs with government officials, community leaders, bankers and other parties who share an interest in promoting community-based economic development and equal credit opportunity.

(2) To interpret and otherwise communicate (to the banking industry, the private sector and Reserve Bank management) provisions of the Community Reinvestment Act in a manner supportive of compliance with public policy.

(3) To determine whether important community credit needs are being met in the District and to disseminate information responsive to problem resolution in situations where the flow of credit is constricted because of gaps in programmatic knowledge.

(4) To encourage, in a manner consistent with safe and sound banking principles, an ongoing commitment by District institutions to their legal and moral responsibilities to serve their local markets and to promote the utilization of multi-lateral (partnership) approaches to meeting credit needs which would otherwise tax individual resources.

(5) To be a conduit for educating banks about community development issues, tactics and successful initiatives.

What do we advocate?

It's more specific than apple pie and motherhood. We encourage broad-based participation by deposit-taking institutions in community improvement opportunities, such as the providing of needed banking services in overlooked markets. We also encourage boards of directors and management of banks to view the community affairs responsibility as an important and emerging profession in the industry deserving of their support, guidance and attention.

Who are our primary audiences?

We interact with Third Federal Reserve District depository institutions, community groups,

city and state governments, charitable foundations, and economic development organizations.

How do we share ideas?

We have sponsored Councils of CAOs from five cities: Philadelphia, Camden/Trenton, Harrisburg and Wilmington. These regional Councils meet regularly, in their respective cities, and hear speakers from important areas of community development. Approximately 200 bankers are Council members.

Public speaking assignments explaining and promoting the opportunity side of the compliance responsibility are a heavily-requested service for our community affairs officer. From Seattle to Souderton (Pa.) and points in between, Vice President and Community Affairs Officer Fred Manning travels to talk to all sorts of audiences about CRA and community reinvestment. Some of the groups he addressed in 1989 include: Garden State Housing Counselors, Cherry Hill, N.J.; Urban Studies Department, Rutgers University, Camden; National Congress for Community Economic Development and the National Council for Urban Economic Development, Washington, D.C.; Philadelphia Neighborhood Housing Services;

continued on page 11

COMMUNITY DEVELOPMENT SCOREBOARD 1989

TEAM — PHILADELPHIA FED COMMUNITY AFFAIRS DEPARTMENT

Business meetings at the Fed with bankers and community leaders	56	
Visits outside the Fed with bankers and community leaders	197	
Conferences, councils hosted	14	
Attendees at above programs	667	
Publications distributed	19,740	
Public talks in the Third District and nationally	25	
Informational requests fielded	3,600	

Community Affairs Function: a History

Fred Manning is Vice President and Community Affairs Officer at the Philadelphia Fed. Federal Reserve Banks have always had Vice Presidents, but time was when none had a Community Affairs Officer (CAO).

In 1981, the Board of Governors requested that each Bank appoint a CAO to handle the community liaison function. This was prompted by growing interest in community reinvestment opportunities by banks, legislators, community groups and government agencies. Later, all Reserve Banks were asked to give priority attention to CAO activities, "to ensure more consistent implementation nationwide" of the Community Reinvestment Act.

Today, the CAOs are very involved in urban and neighborhood issues relating to community development and revitalization, particularly since the Board of Governors believes it is in the public interest to ensure "that macroeconomic policy applies as equitably as possible to various sectors of the economy."

Responsibilities of the CAO are varied, coming under the umbrella of coordinating the Bank's educational and public information efforts in community reinvestment. Awareness of specific needs in communities served by banks and holding companies is required of the CAO, who also is responsible for providing them with cutting-edge information on programs to help meet these needs. CAOs foster broad communication with other sectors to advance the partnership concept as an efficient and balanced response mechanism. The CAO's "job description" includes such tasks as being knowledgeable of community development strategies and experiences, both nationally and locally; providing

Integral to CAO's Position: Taskforce Membership

Service on community, civic and banking taskforces is an important form of "outreach" for Fred Manning, Vice President and Community Affairs Officer at the Philadelphia Fed. He is presently affiliated with the following community development advocacy vehicles: Philadelphia Neighborhood Housing Services, Philadelphia Development Partnership, Greater Philadelphia Economic Development Coalition, Habitat for Humanity, Philadelphia Home Builders Council on Affordable Housing, Federal Reserve System Subcommittee of Community Affairs Officers, American Bankers Association Community Relations Taskforce, and the Eastern College Graduate Program in Economic Development.



Fred Manning

"inquiring minds" with information about CRA and about the Federal Reserve's procedures on applications and protests; and serving as the organizational contact for institutions interested in understanding the possible benefits of forming Community Development Corporations (CDC).

At the Philadelphia Fed, the Community Affairs Department, which also includes the Consumer Affairs and Regulations Assistance functions, is housed organizationally on the Public Information side of the Bank.

Fed Community Affairs Dept. Offers Videotapes

Videotapes on community reinvestment topics may be borrowed from the Philadelphia Fed's Community Affairs Department by interested bankers. Available for a 30-day period, the videotapes may be ordered, at no charge, by writing to: Betty Carol Floyd, Community Affairs Department, Philadelphia Federal Reserve Bank, 10 Independence Mall, Philadelphia, PA 19106, or by phoning (215) 574-6458.

Titles and videotape producers are: *Serving Our Nation's Communities* (National Congress for Community Economic Development); *The Shore Bank Story* (Shore Bank Corporation, Chicago); *CDCs: Rebuilding Neighborhoods* (Local Initiatives Support Corporation); *Take Inventory of Your Neighborhood* (Neighborhood Reinvestment Corporation); *Community Development Lending: Making A Difference* (American Security Bank, Washington, D.C.); *Small Business Development* (Bank of Boston and Boston University); *Expanding Small Business Opportunities for Bankers*

continued on page 11

Publications and staff studies on community development are available to CASCADE readers. To obtain ordering information, phone the Community Affairs Department, Philadelphia Fed, (215) 574-6037.

CASCADE - a publication about innovative community development activities and consumer credit compliance issues in the Third Federal Reserve District

Consulting Reports - "*Starting a Serious Community Reinvestment Program*" and "*A Banker's Guide to Housing Opportunities for the Poor in Gentrifying Neighborhoods*"

LENDER'S PROFILES - staff studies of Camden, Harrisburg, Wilmington, Trenton, and Southern Delaware.

Community Reinvestment - Reflections and Recommendations

(Following are excerpts from a recent talk by Fred Manning, Vice President and Community Affairs Officer, Philadelphia Federal Reserve Bank, at the Annual Community Affairs Conference of the Federal Reserve Bank of Cleveland. Manning reviews the CRA progress rate, and makes suggestions about achieving a better tomorrow in community reinvestment.)

"From our experiences in the 80s we have discovered that the cause of community renewal is a legitimate one which carries with it important responsibilities for financial institutions and their regulators alike. It is also an issue with a broad appeal that attracts us for the right moral, economic and legal reasons. As we've gotten closer to the subject it has awakened us to some compelling influences. Matters such as civic pride, a realization that depository institutions can't isolate themselves from their trade area without risking harm to their markets and their own future, and a respect for the strong tides present in public opinion and legislative attention. All these combine to motivate and orient our behavior."

"But if the campaign to improve our neglected communities has gotten our attention and the support of lenders in this decade, as I believe it has, I submit it's due in great degree to the respect that's been gained for the people who have been putting their life's energies into that work. I speak of relatively anonymous individuals who do not have the benefit of public relations staffs to make us aware of them as household names. They tend to be persons of modest means who receive little, if any, compensation for their struggles to overcome the problems and pathologies of their neighborhoods, something they brush up against every day. What they have in common is not a glory that is born out of pedigree or pocketbook but a sincere

concern for our country and its greatest human needs."

"Today, only the most insensate could fail to stand in awe of the commitment and achievements of community development organizations all over the country. Moreover, only a truly narrow outlook could miss appreciating why their general cause should not be ours also. For is it not the unavoidable conclusion when our neighbor's house is on fire that our own cannot possibly be considered safe?"

"Fortunately, there is an awakening going on about all this in the banking industry. Every month there are more examples unfolding of new undertakings, community loan programs or multi-lateral partnerships being formed by banks and thrifts to address the needs of their areas. Wherever these initiatives may be found, we applaud their creation, hope for their favorable outcome and devoutly wish that their example will be contagious."

"From our vantage point we now see people in community group circles, banks, thrifts and in regulatory agencies such as the Fed all putting their shoulder to the wheel in a common crusade to offset years of deterioration, indifference and neglect which have scarred our country. Give credit to the Community Reinvestment Act for causing these good folk to meet up with each other and to start the journey up the mountain which is one symbol for the campaign to revitalize our towns and cities. I'll concede that we may not all be taking the same path going up that mountain. But, still, we are now going up that mountain together in many ways. And that's a major improvement over the conditions of other years and something for which all of the parties deserve recognition and commendation."

"On that progress rests a base for further important growth. One of

our core beliefs is that joint venturing between lenders and advocacy interests is not only desirable but necessary if we're ever to really move ahead, not only on the traditional issues involving the parties, but also on the overarching ones. I'm thinking of areas such as education, citizen safety, economic development and social justice where our common stakeholdings are still underappreciated."

"Simple logic tells us that we need each other. Lenders need activists to alert them to difficulties, to grassroots attitudes and opportunities and to perform certain tasks which can be more efficiently handled by neighborhood people. And when those problems are solved banks need these same people to be their advocates in the community, giving the institution deserved credit for the help which provided a margin of difference."

"Conversely, community groups need financial institutions in such obvious matters as access to credit, convenience of banking services and opportunity for employment. They may also need bankers and their many talents for financial management and business planning advice for their organizations or for gaining entree to the halls of influence in society and government. In a number of situations I have concerns that without such assistance some well-meaning groups are not going to be very effective or long-lasting. On the other hand, I know of cases where operations of some of the players have been brought back from sick bay status with just this type of help. That assistance from banks and thrifts can leverage further supports from the public and private sectors, from foundations and churches."

"All the same, I believe that there is an insufficient understanding in both sectors of the good that can come from alliances between lenders and community groups

continued on page 11

Community Reinvestment - Reflections...

against common problems. Perhaps more attention should be paid to this possibility in the second decade of CRA. Each side has to make an act of faith, as well as a demonstration of their enlightened self-interest, by trusting and accepting the other as an equal in the campaign. Some important obligations follow from a commitment like this."

"For one thing, there's no chance for success in this direction if the parties don't pledge themselves at the outset to being there for the long haul and with their ears open and emotions held in check. Perhaps the kind of patience and tolerance for other viewpoints that's shown by people in diplomatic service or in marriage counseling are the traits needed here."

"Sometimes language and ideology are part of the problem. Lenders and community folk may both fail to appreciate that their pet phrases can trigger radically different impressions in the other party. In such a setting it's a good idea to get another reading on the communication you're sending and to avoid being trapped inside a rigid nomenclature. I'm thinking here of terms like "bottom line" and "community empowerment" which I've seen harming some initial attempts at dialogue."

"If lenders and community people are going to succeed in forming partnerships which reinforce individual strengths, attract the support of other sectors and make inroads on decisive needs I submit it's past time for them to move away from sweeping generalizations, harsh rhetoric and unfounded suspicions about each other. Keep in mind that it's not enough just to have everybody meeting at the kitchen table. If all they ever do is argue once they get there, some of them are going to decide to eat elsewhere. It's still the oldest of wisdoms that hot heads and cold hearts never solve anything."

"What I hold out in the way of advice and recommendations for lenders and community groups about trying to see the good that is in all individuals, even if not immediately visible, I also accept for us in the regulatory agencies. We've all come too far in our dealings with each other these last few years, and endured too much, to now gainsay the future and the glimpses of a better tomorrow which mutual cooperation and partnerships are beginning to make possible.

"You may consider me an idealist about all this. And that's alright if you do because President Wilson, who was called by the same term, used to say that was one way he knew he was among Americans. For America is the only idealistic nation in the world. And we are clearly its heaven-blessed inhabitants."

"How do we achieve the balanced progress which we all seek? How do we maintain our footing on the slippery slope of cross-cultural understanding, solve the tough problems of our times and succeed in spreading the bounty to more of our fellow citizens? How do we put the 'unity' in community? Perhaps John Wesley supplied the best response and the guidance we all need when he spoke this philosophy many years ago:

**Do all the good you can,
By all the means you can,
In all the ways you can,
In all the places you can,
At all the times you can,
To all the people you can,
For as long as ever you can.**

My friends, in community development yesterday is gone. Tomorrow has not come. We have only today. Let us get on with what needs to be done."

Community Affairs At The Phila Fed...

Compliance Officers of First Fidelity Bancorporation, Newark, N.J.; Senior Management of Germantown Savings Bank, Bala-Cynwyd, Pa.; Pennsylvania Bankers Association; Board of Directors, Federal Reserve Bank of Philadelphia; Annual Community Affairs Conference of the Federal Reserve Bank of San Francisco; Berks County Bankers Association; Board of Directors, Union National Bank, Souderton, Pa.; New Jersey Council on Urban Economic Development; Annual Community Affairs Conference of the Federal Reserve Bank of Cleveland; Garden State American Institute of Banking; Community Affairs Conference, Federal Home Loan Bank of Indianapolis; Annual Conference of the National Association of Housing and Rehabilitation Officials, Seattle; and American Institute of Banking and Schuylkill County Bankers Association, Pottsville, Pa.

Fed Offers Video Tapes...

(National Congress for Community Economic Development); *Redlining* (KERA-TV, San Antonio); *Community Reinvestment: The Seafirst Solution and Community Reinvestment (Juggling) Act* (Seafirst Bank, Seattle); and *Community Development Corporation Conference* (Federal Reserve Bank of Chicago).

Only the foolish and the dead never change their opinions.

- William Butler Yeats

Meridian Opens Branch In Retirement Community



The doors at this branch bank are extra wide so that customers in wheelchairs can get through. The tellers sit at desk-level; the customers, in easy chairs. And no one needs transportation to get to the bank, because this special Meridian branch office is located inside The Highlands, a retirement community in Wyomissing, Pa., a Reading suburb. Pictured with clients are bank employees Candy Jagielski (foreground) and Dale Ann Farina.

As business organizations and private citizens consider the opportunities for improving conditions in their communities, the only possible responses are these:

the "wills"
the "won'ts"
and the "can'ts."

The first accomplish everything; the second oppose everything; the third fail in everything.

- Fred Manning

CASCADE, A Community Affairs Outreach Publication, Wants To Hear From You

A newsletter, now published three times a year, was established in 1984 with the purpose of providing information about consumer credit and community reinvestment. As readers know, it is titled CASCADE. What some readers don't know, however, is that it is named for the largest mobile in the world, "White Cascade," by Alexander Calder. A symbol of the Philadelphia Fed, the ten-ton mobile hangs from the ceiling of the Bank's Eastburn Court.

CASCADE now reaches about 6500 readers in financial institutions, community groups, and government throughout the country. The address which follows can be used for many purposes: to send us news about interesting community development programs; to add your name or the name of others in your organization to our mailing list; or to order back issues. The following issues are available: June, November, 1984; May, December, 1985; July, December, 1986; May, September, 1987; January, May, November, 1988; and May, August, December, 1989. For details, write: Editor, CASCADE, Community Affairs Department, Federal Reserve Bank of Philadelphia, Ten Independence Mall, Philadelphia, PA 19106, or phone (215) 574-6568.

CASCADE

Federal Reserve Bank of Philadelphia
Ten Independence Mall
Philadelphia, PA 19106-1574

FORWARDING & ADDRESS CORRECTION REQUESTED

PRESORTED
FIRST-CLASS MAIL
U.S. POSTAGE PAID
Philadelphia, PA
PERMIT No. 529