

Federal board expected to decide soon on proposed S & L branch ...

By Robert F. Levey Washington Post Staff Writer
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The vacant lot at 18th Street and Columbia Road is the site for the proposed Perpetual Federal Savings and Loan Association branch.
Federal board expected to decide soon

on proposed S & L branch for Adams-Morgan

By Robert F. Levey
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After months of wrangling, accusing, consulting and cogitating, the Federal Home Loan Bank Board is expected to decide within the next week whether a new savings and loan office will be built in Adams-Morgan.

The new office would be the 11th branch of Perpetual Federal Savings and Loan Association, the city's richest. It would be built on the southwest corner of 18th Street and Columbia Road NW, the crossroads of the city's Spanish-American community.

Plans for the branch have been protested and tied up in hearings for nearly a year,

most vocally by the Adams-Morgan Organization (AMO), a community group. The branch has also been supported by many area citizens and organizations, and Perpetual has vigorously defended its plans, motives and record.

Opponents of the proposed branch contend that Perpetual's record of making loans in the area has been harmful to the area's stability, because the S & L has tended to say no to poorer loan applicants.

AMO has also charged that the FHLBB made numerous procedural errors and was guilty of bias in its gathering of facts regarding Perpetual's application. As with all applications for new S & L branches, the FHLBB

canvassed the area involved to determine whether residents wanted a new branch and could support one.

Attorneys representing both AMO and the Advisory Neighborhood Commissions of Adams-Morgan and Mt. Pleasant have been meeting with Perpetual officials for months to try to settle their differences. Officials on both sides say the meetings have turned amicable recently, and that considerable compromise has been achieved.

Perpetual has agreed to do the following:

- Hire bilingual staff for the Adams-Morgan branch.

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•Permit vendors who sell fruit and vegetables on the sidewalk in front of the proposed branch site to continue to operate.

•Provide home loans of as much as 90 per cent of the purchase price. AMO charges that, often in the past, and frequently to low-income loan applicants, Perpetual had offered a maximum of 70 per cent, effectively forcing low-income buyers out of the neighborhood.

•Provide so-called "wraparound" loans covering both the cost of a home and any necessary reconstruction.

•Establish a branch advisory committee composed of neighborhood residents.

"There has been a great deal of trouble," said Thomas J. Owen, Perpetual's president, "but it's been an educational thing on both sides." Owen added that the bank expects its application to be approved, and that it looks forward "very much" to "serving the community."

Jonathan A. Brown, an attorney for the pro-

testing community groups, said a week ago that he expects his clients and Perpetual to come to an agreement "within two weeks." Once that occurs, and is formalized as part of the FHLBB hearing record, a ruling on Perpetual's application is expected, an FHLBB spokesman said.

Brown warned, however, that his clients can still sue to overturn a favorable ruling on the Perpetual application, regardless of any agreement between his clients and the S & L.

Brown said a likely ground for such a suit would be a failure on Perpetual's part to commit itself to either 90 per cent loans or "wraparound" loans.

The Fair Housing Act of 1968 forbids discrimination against home buyers in either way, Brown said.

Pressure against relatively low-and middle-income loan applicants has intensified steadily over the last five years in Mt. Pleasant and Adams-Morgan. Speculators have bought scores of old homes and have redone them

from top to bottom. The process has been denounced as "Georgetownization" by AMO and other community groups.

In papers filed with the FHLBB, Perpetual said it already holds a substantial number of mortgages of varying amounts in the two neighborhoods.

Perpetual acknowledged that it has not made reconstruction loans in the past, claiming such loans are not part of an S & L's business. According to Brown, however, Perpetual agreed during recent negotiations to make "wraparound loans" in the area. It will be the first time the S & L has made such loans.

Owen said the Perpetual branch, if approved, will serve depositors and make loans in an area bounded by Florida Avenue on the south, Connecticut Avenue on the west, Park Road on the north and Sherman Avenue on the east.

There is only one other savings and loan branch in that area—an Eastern Liberty

branch on the area's fringe, at 1829 Connecticut Ave NW. Perpetual's nearest existing branch is more than two miles away, at 17th and I Streets NW. Riggs National Bank has had a branch at 1779 Columbia Rd. NW., a few yards from the proposed Perpetual site, for many years, but that branch makes no home loans.

The proposed Perpetual branch would be a three-story structure, with indoor parking. It will be a full-service branch, Owen said, and would open between six and nine months after FHLBB approval.

AMO is not the only community group to have protested the Perpetual application, or the handling of it.

Susan Smith Allen, a women's rights activist who lives at 1818 Kalorama Rd. NW., urged last month in a letter that the FHLBB deny Perpetual's application because "women's organizations have not been consulted" in the planning of the branch.