MASSPIRG
Massachusetts Public Interest Research Group
29 Temple Place, Boston, MA 02111-1350 (617) 292-4800
http://www.pirg.org/masspirg

To: Federal Reserve Board of Governors
Fr: Deirdre Cummings, Consumer Program Director
Re: Public Hearing on Proposed Fleet and BankBoston Merger
7/7/99

Testimony in Favor of Three Consumer Initiatives

The Massachusetts Public Interest Research Group (MASSPIRG) is a non-profit, non-partisan consumer organization with over 50,000 members across the state. MASSPIRG has conducted numerous surveys and studies of rising bank fees and anti-consumer bank practices, and advocated for bank reforms when necessary, including the passage of the Check-Hold Law in Massachusetts and in Congress, the Truth In Savings Law and Truth In Lending Law. MASSPIRG is currently campaigning to ban the ATM surcharge.

MASSPIRG urges you to require the new Fleet Boston to put in place specific programs which would encourage competition among banks by empowering the consumer with important meaningful information about bank fees, products, and services. Providing consumers with access to useful, comparative information about bank fees, service, and products is the most fundamental step in ensuring consumers will have any amount of clout in the market place to keep fees low, service high, and a good variety of bank products available. This, of course, will only be effective if the consumer has a real "choice" in the market place by having real access to a significant number and types of banks.

MASSPIRG proposes:

1. Release of Bank Fee Surveys

The number and amount of bank fees have exploded in the last few years, with the largest banks charging higher fees and inventing some of the most egregious new bank fees - including fees to speak to a human teller, fees to close your account and fees that double charge consumers for using ATMs. In addition, banks have made it more difficult for consumers to compare bank prices, services and products by: putting out slick advertising campaigns which fail to disclose complete costs; failing to use uniform language in describing their accounts and products; and even failing to make the mandatory "Schedule of Fees" accessible and available to every bank customer before they sign up for an account.

To provide for fair competition, Fleet Boston should be required to fund two annual statewide consumer surveys comparing bank fees, products and services. The surveys would be conducted by an independent agency or organization and made available to consumers at every bank, on the internet, and through government agencies.

2. Establish a Financial Consumers Association

Massachusetts consumers today are facing a far different financial service landscape than they were just five years ago. In 1995, BankBoston, Shawmut, Baybank and Fleet were the state's 4 largest banks, holding more than half of the state's share of commercial deposits. If the Fleet - Bank Boston merger is successful, we will have just one mega bank in the region, where we had four just a short while ago. The recently announced merger between Citizen's Bank and USTRUST further reduces the number of banks in the region.

While the banks consolidate their power, consumers need to do the same. A Financial Consumers' Association (FCA) must be established. The FCA is a voluntarily funded, independent, nonprofit, watchdog organization formed by individual customers of financial institutions. The FCA would collect and disseminate information to consumers about comparative costs and the availability and quality of financial services, and would represent consumers interests in regulatory matters, the legislature and the courts.

What makes the FCA most effective is how it is organized and funded. Financial institutions would be required to place a neutrally worded announcement about the formation and the existence of the FCA to be included as inserts in four regular mailings a year from financial service providers to consumers. The FCA is modeled after similar successful utility associations established in Oregon, New York, Wisconsin and Illinois. A bill to establish a FCA (S. 114) was filed by Senator Steven Tolman and is pending in the Massachusetts Legislature.

The FCA will help level the playing field between the consumer and the financial services industry. The FCA will empower consumers, provide important advice, and save consumers money.

3. Ban ATM Double Charges and redistribute ownership of ATM network

In just this past year, the number of banks in Massachusetts imposing an ATM Surcharge exploded by over 2,000%. The new ATM surcharge, the practice of banks charging consumers twice for one ATM transaction, ought to be prohibited for three reasons. First, ATM double fees are excessive and amount to price gouging (the Office of Thrift Supervision has reported the average ATM cost to banks is .20-.50 cents wheras many consumes are paying $.75 - $4.). Second, the ATM surcharge is deceptive by effectively double billing consumers, requiring the consumers' bank and the consumer to pay for the same transaction. Lastly, the surcharge is predatory; driving small bank competitors out of business, allowing the big banks to charge even higher fees.

.Ownership of ATM networks should not be primarily held by large banks - again perverting competition. For example, the NYCE network is owned primarily (95%) by eight large banks. The remaining 5% is held by 150 smaller banks. Fleet and BankBoston each currently own 12% of the NYCE network. Instead of dividing one of the 12% shares amongst the large banks, they should go to the share owned by the 150 smaller banks.

If this merger between Fleet and Bank Boston is successful, consumers' power in the market place will once again be reduced. This comes after a recent succession of mergers and on the heels of the recently announced merger between Citizens and USTRUST. There is no doubt banks will continue their strategy of eliminating competitors through buyouts rather than compete with them through better service, and lower fees.

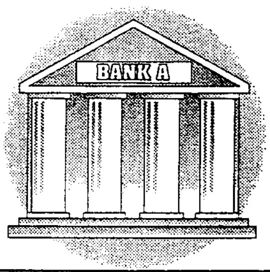
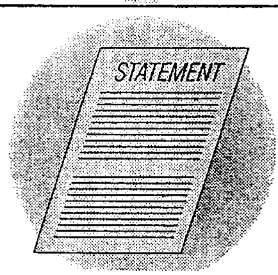
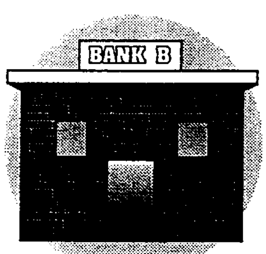
These three simple consumer initiatives will go a long way in preventing further erosion of consumer clout and encourage more competition in the financial services market place.

I have enclosed additional information on the above initiatives.

Enclosures:
1. Report: ***Bigger Banks, Bigger Fees: The 1997 PIRG Bank Fee Survey***
2. MASSPIRG testimony on the Act to Establish A Financial Consumers Association S. 114, before the joint Committee on Commerce and Labor and a copy of the bill
3. MASSPIRG testimony on the ATM surcharge ban bill S. 19, before the joint Committee on Banks and banking
4. "*How the ATM Surcharge Works*"

How The ATM Surcharge Works

Paying twice for a single transaction

1.		Sandy, a customer of BANK A, uses an ATM owned by BANK B to withdraw $20.
2.		BANK A pays BANK B a 50 cent fee for Sandy's use of the ATM.
3.		BANK A charges Sandy $1.50 for that same transaction.
4.		BANK B charges Sandy $1.00 for that same transaction at the ATM.
5.		Sandy pays twice, and BANK B is paid twice, for the same transaction. And Sandy pays $2.50 to take out $20.

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To: Committee on Banks and Banking
Fr: Deirdre Cummings, Consumer Program Director
Dt: April 27, 1999
Re: In Support of S.19, H. 2083, H. 1133, S.12

Testimony in favor of banning the ATM Surcharge

Good afternoon. My name is Deirdre Cummings and I am the Consumer Program Director for MASSPIRG. MASSPIRG is a nonprofit, nonpartisan consumer organization with 50,000 citizen members across the state.

I am testifying today in support of S.19, H. 2083, H. 1133, and S. 12, bills to ban the ATM double charge, also known as the surcharge. This new scheme by banks should be prohibited for three reasons. First, ATM fees are excessive and amount to price gouging. Second, the fee is deceptive by effectively double billing consumers, requiring the consumers' bank and the consumer to pay for the same transaction. Lastly, the surcharge is predatory; it's designed to drive small bank competitors out of business and to allow the big banks to charge even higher, monopolistic banking fees. This last issue is of particular concern today as we will once again see our bank choices among the biggest banks cut in half, leaving the biggest bank in Massachusetts, 'Fleet-Boston', owning close to half of all the bank owned ATMs in the state.

The banks' fee income strategy is simple: Raise fees, invent new fees, and get more people to pay more fees. Since deregulation, banks have invented numerous new fees. Some of the most outrageous fees include: Fees to close your accounts, fees for calling your bank, fees for teller assisted transactions and fees for depositing a check which bounces. Some estimate that well over 200 different bank fees now exist. This strategy has clearly worked for the banks' bottom line. Nationally, commercial banks recorded their seventh straight year of record profits, earning $61.9 billion in 1998, up 4.7% from 1997. However, fee income is growing more rapidly. Non-interest income, including ATM fee income, rose to $19.4 billion, an increase of 18.4%

On April 1, 1996, the two largest ATM networks, VISA's Plus and Mastercard's Cirrus, ended their prohibition against member banks surcharging non-accountholders using their ATMs. This move allowed banks to charge consumers twice to use the ATM only once. The surcharge is in addition to the "foreign" fee which approximately 88% of banks in Massachusetts already charge their accountholders when they use another's ATM.

In just this past year, the number of ATMs imposing a surcharge exploded. From April 1, 1998 to April 1, 1999 the number of bank owned surcharging ATMs went from 3% to 71%, a 2,000% increase.

While many fees are too high, some are particularly egregious and should be prohibited. The ATM surcharge is one of those fees.

A. Price Gouging

Our most recent study on bank surcharges, *Always Taking Money*, released in April of this year, found that the percentage of banks nationwide surcharging non-accountholders has increased dramatically in the past year to 93% of all banks. Compared to our 1998 report, overall surcharging by banks has increased 31%. The average ATM surcharge was $1.37 up from $1.23 in 1998. An unprecedented 95% of big banks now surcharge. Big banks, which have the vast majority of all ATMs, impose higher surcharges, and surcharge at higher rates. The average ATM surcharge at big banks was $1.42 and small banks was $1.30.

In Massachusetts, we are about a year behind the national trend in ATM fees. While only 24% (56) of banks in Massachusetts surcharge, they represent over 71% (2500) ATMs.

Today, 3 years after the removal of the surcharge ban by the networks, ATM surcharges are most typically $1.50. However, surcharges of $2-$4 are on the rise. Left unchecked, it is not hard to believe that surcharges will soon typically be $2-$3, with the high fees being $3.50 to $5.

The surcharge, remember, is in ADDITION to the fee most of us already pay our bank to use another's ATM. This fee, sometimes called the "foreign" fee, ranges from .50 to $2 with only a handful of banks charging $0. In Massachusetts, the average "foreign" fee was $1.05. Once again, the biggest banks charge the highest "foreign" fee with the big banks averaging $1.58 and small banks averaging $1.

With the addition of the surcharge, a simple ATM transaction has in effect doubled, or even tripled the cost to the consumer. If surcharging is not prohibited in Massachusetts, a typical banking customer who uses another bank's ATM will pay $2-$3 to withdraw money from an ATM. In many cases a consumer pays $3-$4 if, for example, they pay a $2 "foreign fee" (as is the case of Citizens Bank), and use an ATM which charges $1.00 surcharge (BankBoston).

These fees are particularly outrageous compared to the actual cost to banks for an ATM transaction. Various articles and studies, including an estimate by the Office of Thrift Supervision, report that the average cost to a bank for an ATM transaction ranges from \$.20 to \$.50. Simple math demonstrates that in many cases consumers are paying 4-20 times the cost of a transaction. ***That is, pure and simple, price gouging.***

It is important to point out the uniqueness of the ATM surcharge and why it leads to excessive pricing. Typically, in a competitive market, we would expect that price would be pushed down to marginal cost. That is, with any product, if there is sufficient consumer choice, consumers will seek out those competitors which offer the best combination of price, service, and quality. For an undifferentiated product like ATM access, one would expect that firms would compete aggressively on price and prices would be driven down to marginal cost. Yet, as the evidence shows, the average prices for surcharges has consistently increased over time. This problem is aggravated by the dual pricing system where ATM owners are collecting both the interchange fee and the surcharge. When two firms set a price they both try and secure as high a margin as possible. This combined price will be higher than if only one firm set the price. This problem is called "double marginalization" because two firms try and secure the same margin.

Now, many of us are certainly willing and prepared to pay for the convenience of ATMs but these kinds of fees are clearly excessive and should not be allowed.

B. Deceptive

Hitting the consumer up twice for one transaction is unfair and deceptive. In this case, a consumer buys a product (a bank account) from his or her bank which includes an ATM card and the ability to use it wherever the "network" carries the banks' information. However, under the surcharge fee strategy, consumers would then be required to pay again for that same service at the time of the transaction. **Charging the fee two different ways, two different times, is a deliberate attempt to confuse the consumer and hide the true price tag to the consumer.**

Here's how the ATM fee system worked before April 1, 1996. I signed up for a bank account at bank A. As a condition of my checking account Bank A charges me \$1.50 to use another bank's ATM (bank B). Bank A pays bank B \$.50 cents (interchange fee) and the network \$.25 (switch fee) every time I use Bank B's ATM. This system allowed me to include the full cost of ATM transactions in my decision of where to bank.

Now when I use another bank's ATM, not only can I expect to pay my bank a fee, and my bank will pay the other bank a fee, but the other bank will charge me again for the one transaction!

A more clear and less confusing pricing system is necessary to arm consumers with the true and accurate price information they need to exercise their consumer strength and take advantage of "the market".

What would we think of a cruise with an all inclusive price that also charges you for the meal, or a phone company that charges you at the time of the call and then again at the end of the month? We would say these practices are deceptive just as the ATM surcharging practice is.

In Massachusetts today, even the surcharge free network of ATMs will offer little choice to consumers in certain areas. Just comparing BankBoston's massive network of nearly 1300 ATMs to the surcharge-free network, many consumers will have no choice between a surcharging and non-surcharging machine. For example, it was reported last year in a Boston Globe article that consumers in Boston and Newton will have little "choice" because BankBoston's machines dominate the area. In Boston, BankBoston owns 119 ATMs and the surcharge-free network has 43 machines. In Newton, BankBoston has 18 and the surcharge-free network has 5. In addition, what consumer will be able to choose at the airport, where there is only one ATM owned by BankBoston. How soon will it take for that surcharge to reach $5? What about on college campuses? A quick poll of college campuses showed that out of 30 college campuses, 70% (or 21 out of 30) of the machines on campus are BankBoston or Fleet. Only three campuses had more than one ATM, two of which were BankBoston and Fleet. While we commend BankBoston for eliminating the surcharge on a handful of the campuses, we urge them to do it on all campuses and other locations where their is no competing surcharge free machine.

Contrary to the industries' argument that the surcharge offers "choice", these examples demonstrate that for many consumers their will be a clear **lack of choice.**

C. Predatory

Lastly, surcharges should be prohibited because they are predatory and solely designed to draw customers from banks with smaller networks.

This is particularly threatening here in Massachusetts with just one bank, the new Fleet-Boston, likely to own close to half of the ATMs. Surcharging by banks that own most of the machines poses a serious competitive threat to smaller banks and credit unions. If enough small customers of smaller banks switch accounts to big banks to avoid surcharges, then the big banks, facing less competition, will raise the fees they charge their own customers even more.

The SUM Program, a selective surcharge program owned by NYCE, is not the "free market solution" many bankers would lead you to believe. First, it is important to point out that the big banks who own most of the networks *prohibited selective surcharging* through anti-competitive clauses in their contract with banks. It was not until the Department of Justice began an investigation into this anti-consumer practice that the banks backed down and allowed for the formation of a selective surcharge program. The SUM program allows for banks and credit unions to group their machines together per se, and offer consumers a larger network of surcharge free machines in an attempt to allow banks with smaller networks to compete with the big banks. Unfortunately, the banking landscape is so consolidated that at its very BEST, the SUM program will only represent less than one third of all bank owned ATMs in Massachusetts, and that percentage will likely decline over time.

Further, it is important to point out here that the SUM Program is owned by NYCE, which is owned primarily (95%) by 8 large banks, all of whom surcharge, (except People's Bank in Connecticut where surcharges are prohibited.) Therefore, I have little doubt that if the program was truly successful, the banks would eliminate the program just as they eliminate their competitors through mergers and buyouts.

In the last few years we have seen a rash of mergers and consolidation in the banking industry. What used to be the 4 biggest banks in Massachusetts will now be just one. If the big banks are successful in using the surcharge strategy to lure customers from smaller banks, every consumer will suffer as the huge mega banks act as a monopoly, increasing both the number and the amount of fees faster and higher than the already expensive banking system we have today.

In addition, for an industry that continues to argue choice throughout every debate, they are certainly doing the best they can to eliminate consumer choices by gobbling up their competitors.

Conclusion:

While in many circumstances true choice and a competitive market can weed out truly anti-consumer practices, there are a number of examples where the market did not work and government has had to intervene to protect consumers.

Two well known examples of legislative intervention include usury caps and the check hold law. A usury cap is a state imposed ceiling on the amount of interest that banks and other creditors can charge consumers for a loan. A more recent example is the check hold law which stopped the banking industry's anti-consumer practice of earning billions of dollars in interest on cleared consumers' checks while denying consumers access to their own money for as long as two weeks. I will add that Massachusetts was the first state legislature to pass the check hold law in 1984, followed by New York. It wasn't until the early 1990's that the law was passed by Congress. A more recent example of government intervention is cited above when last year the Department of Justice launched an investigation into the anti-competitive network practices, which ultimately led to the establishment of selective surcharge programs.

I strongly believe that this is one of those circumstances where the legislature needs to intervene. Currently, the ATM surcharge ban or moratorium legislation is being considered in 26 states. Two states, Iowa and Connecticut, ban ATM surcharges through their current banking regulations. In addition, large cities have started to take action to ban surcharges. Most recently the cities of Berkeley, SanFrancisco, and Philadelphia have taken up the issue of banning surcharges in their cities.

The ATM surcharge is excessive, deceptive and predatory and should be banned to protect consumers and **enhance choice.** The bill has won the unanimous support of the Senate for the last two years and enjoys support from a majority of members in the House. I hope you will vote to ban the ATM surcharge and move the bill from your committee quickly.

NOTE:
I have heard today and repeatedly by the industry and others that the proposed ban would be unfair since it would not apply to the federally chartered banks. MASSPIRG agrees with many including the Attorney General of Connecticut, the former Attorney General Harshbarger, and others that this argument is false for two reasons:

First, under the Electronic Funds Transfer Act (EFTA), which governs ATM transactions, states are clearly allowed to enact stronger laws unless inconsistent with federal law. Since no contrary federal ATM pricing law applies, or, as the argument is often made, since the federal government has not "taken the field," the states are free to act.

Second, the most recent Congressional pronouncement on the authority of the Office of the Comptroller of the Currency (OCC), which regulates national banks, is the 1994 Interstate Branching Efficiency Act. This Act by Congress clearly condemned the OCC's "inappropriately aggressive" preemption policies with regard to consumer and community reinvestment laws. See Conference Report, 103-651. Under the terms of a recent amendment to that law, enacted as H.R. 1306 this year, Congress re-stated its strong opposition to the agency's abusive preemption policies and is requiring an annual report to the Congress.

If the OCC were to preempt Massachusetts law, MASSPIRG would be ready to join the state in a legal challenge, based on these clear Congressional findings. It is unfortunate that the banks lobby against worthwhile consumer laws in such a way, because it has a chilling effect on the rights of the states to protect their citizens better.

Lastly, I have included the chronology of the ATM fee litigation in Connecticut where the Attorney General feels confident they will ultimately defend their right to protect consumers in their state by banning the ATM surcharge.

RESULTS FROM CAMPUS SURVEY 1/99

30 campuses surveyed
19 only have BankBoston
2 only have Fleet
2 have BankBoston and Fleet
5 have credit unions or local banks
1 had a Citizens Bank ATM
1 college had "assorted banks"

DATA

SCHOOL	BANK
Anna Maria College	BankBoston
Bently College	BankBoston
Berkshire Community College	Berkshire Bank
Boston College	BankBoston
Brandeis University	Fleet and BankBoston
Bridgewater State College	BankBoston
Bristol Community College	Compas
Bunker Hill Community College	Credit Union
Clark University	BankBoston
College of the Holy Cross	Fleet and BankBoston
Emerson College	BankBoston
Fitchburg State	BankBoston
Framingham State	BankBoston
Mass College of Art	Citizens
Mass. Institute of Tech	"Assorted Banks"
Mount Wachusett C.C.	Mt. Watachusett Credit Union
Nichols College	RTN Credit Union
North Adams State	BankBoston
Salem State	BankBoston
Simmons College	BankBoston
Smith College	BankBoston
Springfield Technical C.C.	BankBoston
Springfield College	BankBoston
U MASS Amherst	BankBoston
U MASS Boston	BankBoston
U MASS Dartmouth	BankBoston
Wellesley College	BankBoston
Wheaton College	BankBoston
Worcester Polytechnic Inst.	Fleet
Worcester State	Fleet

BRIEF CHRONOLOGY OF ATM FEE LITIGATION in CT.

1. September 14, 1995: Commissioner of Banking issues an opinion stating that Connecticut does not authorize banks to charge an ATM fee directly on consumers, nondepositors of banks which own the ATM machine.

2. January, 1997: Fleet Bank files lawsuit in federal court challenging this interpretation of law and arguing that even if Connecticut bans ATM fees that law is preempted by the National Bank Act. Many procedural motions follow.

3. September, 1998: The federal District Court holds that Connecticut law does not prohibit ATM fees. On October, 12, 1998, State obtains stay of this decision pending appeal hearing.

4. October 23, 1998: Second Circuit Court of Appeals hears argument but fails to extend the stay on the district court ruling.

5. October 24, 1998: Fleet Bank, First Union and BankBoston begin charging a fee at their ATM's for nondepositors.

6. November 9, 1998: Second Circuit Court of Appeals rules that the district court should not have ruled on the interpretation of Connecticut law as that is best left to the state court; Second Circuit vacates District Court's ruling on Connecticut ATM law. Fleet Bank, First Union and BankBoston retrofit their ATM to stop charging a fee.

7. November 9, 1998: Fleet Bank and First Union file new suit in federal District Court seeking to enjoin Banking Commissioner from enforcing State ATM law. Judge Chatigny denies from the bench First Union's request for temporary restraining order against the Commissioner.

8. November 10, 1998: Banking Commissioner issues an administrative cease and desist order against Fleet Bank, First Union and BankBoston from charging an ATM fee on nondepositors.

9. November, 1998: First Union and Fleet Bank file application for temporary injunction against Banking Commissioner in State Superior Court seeking to enjoin Commissioner's proceeding to enforce the cease and desist order.

10. November 20, 1998: Superior Court (Teller, J.) issues decision denying banks' application for temporary injunction.

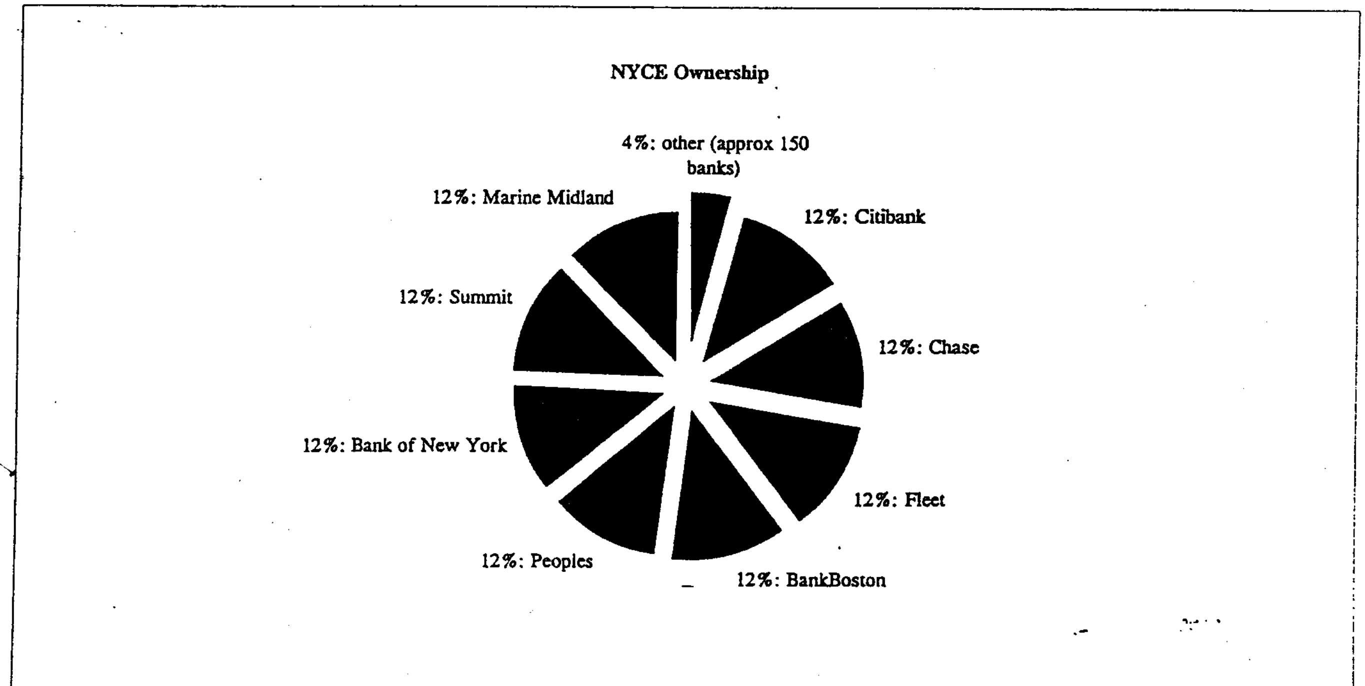
11. December, 1998: Fleet Bank and First Union obtain assistance from the federal Comptroller of the Currency who joins in their federal court case seeking to enjoin the

Why the Sum Program Is Not a Solution to the ATM Surcharge

The SUM program is owned by the NYCE network. NYCE is primarily owned by some of the region's largest, surcharging banks. If the program is successful, the big bank owners can just cancel the program, just as they merge with their competitors as a way to eliminate competition.

Ownership: NYCE is primarily owned (95%) by 8 banks, all of whom surcharge except Peoples (CT), where Connecticut law prohibits surcharging.

The SUM program is NOT a "market solution;" rather, it is the result of an investigation last year by the U.S. Department of Justice. If left up to the "market," the big banks would have been successful in their attempt at blocking the creation of selective surcharging programs.



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TESTIMONY IN SUPPORT OF S. 114
AN ACT TO ESTABLISH THE FINANCIAL CONSUMERS' ASSOCIATION

SUBMITTED TO: Joint Committee on Commerce and Labor
SUBMITTED BY: Deirdre Cummings, Consumer Program Director, MASSPIRG
DATE: March 31, 1999

Good morning, Chairmen and members of the committee. My name is Deirdre Cummings and I am the Consumer Program Director for the Massachusetts Public Interest Research Group (MASSPIRG). MASSPIRG is a statewide citizen organization which advocates on a range of consumer, environmental, energy and good government matters. We have over 55,000 members across the Commonwealth.

Today, I am here to register our strong support for S. 114, "An Act to Establsih the Financial Consumers' Association" sponsored by Senator Stephen Tolman. The bill would establish a Financial Consumers' Association (FCA) in Massachusetts to represent and advocate solely for bank customers. The FCA is modeled after successful Citizen Utility Boards (CUB) established in Wisconsin, Illinois, New York and Oregon who advocate on behalf of utility ratepayers.

Merger mania is the best way to describe what is happening in the banking and financial industry over the last 5 years. Banks are frantically consolidating their power, gobbling up their competitors, leaving consumers fewer and fewer banking choices. As banks and other financial institutions get bigger **AND** face less competition, it is the consumer who loses by having to pay higher fees and getting poorer services or products.

Massachusetts consumers today are facing a far different financial service landscape than they were just five years ago. In 1995, Bank of Boston, Shawmut, Baybank and Fleet were the state's 4 largest banks, holding more than half of the states share of commercial bank deposits. If the recently proposed merger between Bank Boston and Fleet is successful, as industry officials claim it will be, we will have just one mega bank in the region where we had four just a short while ago. In addition, banks have been given the green light to sell insurance and other investment products.

While the banks consolidate their power, this bill will allow consumers to do the same. This bill establishes a voluntarily-funded, independent organization called the Massachusetts Financial Consumers' Association (MFAC) controlled by financial service customers. The FCA would be a state-chartered, nonprofit, watch-dog organization, formed by individual customers of financial institutions, that collects and disseminates information to consumers about comparative costs, and the availability and quality of financial services. The FCA would also represent consumers interests in regulatory matters, the legislature and the courts.

Why do we need an FCA? Banks have recorded their seventh straight year of record profits in 1998, totaling $61.9 billion. From 1991 to 1997 bank profits rose 230% while the Consumer Price Index for that same period rose only 18%. Consumers are paying too much for banking services, leaving as many as 12 million citizens nation wide"unbanked," they simply can not afford a bank account. In addition to increasing costs to consumers, financial decisions are becoming more complex as the traditional bank has become more of a financial supermarket.

In Washington, many financial service related consumer protections are being rolled back or defeated before coming law. Here in the Statehouse, there are many banking and financial services proposals that will all have an impact on the consumer. While the banks have well financed legal and legislative departments, the consumer does not. The FCA would have the resources to hire their own experts to analyze the proposals and look at how they may impact the consumer. The consumers' experts could then be here before legislative and regulatory committees, and even the courts, advocating in their behalf.

What makes the FCA most effective and probably the most controversial is how it is organized and funded. The bill would require nuetrally worded announcements about the formation and existence of the FCA to be included as inserts in four regular mailings a year to consumers from financial service providers. The FCA would pay for this enclosure. "Piggy-backing" the bank's mailing is a convenient and effective way to communicate with bank customers.

NOTE: The utilities challenged this type of "piggy-backing" of CUB enclosures in their envelopes in "Pacific Gas and Electric vs. Public Utilities Commission of California." This case resulted in a Supreme Court decision in 1986 which ruled that the forced enclosure of "content-based" messages violated the "negative free speech" rights of the utility in that instances. However, the same ruling indicated that "content-neutral" informational inserts would not violate utilities' first amendment rights. This bill would require that the FCA inserts be content-neutral.

This system for funding the FCA provides a basis for economic self- sufficiency and financial accountability. Any financial service consumer can join the FCA by contributing a minimum amount each year. FCA members elect the Board of Directors who will govern the organization, hire staff, and control the budget. The FCA is membership funded and receives no tax dollars.

The FCA will help level the playing field between the consumer and the financial services industry. The FCA will empower consumers, provide important financial advice and save consumers money.

Utility CUBs have worked well in other states including, New York, Wisconsin, Illinois and Oregon. They have saved utility ratepayers billions of dollars and enjoy widespread support. A FCA could and should work here in Massachusetts.

We commend Senator Tolman for filing this important piece of legislation and hope this bill receives a favorable report from the committee. Thanks, again, for the opportunity to present our views today.

There is one technical amendment. Page 7, line 38 should read "section 7(d) of this chapter, not 7(b)(ii).

Testimony of Community Homeowners Association, Inc.
Dwight K. Miller, President

Federal Reserve Bank of Boston
Public Meeting on the Proposed merger among Fleet Financial Group, Inc. and BankBoston
July 7, 1999

My name is Dwight Miller and I appear to testify in opposition to the proposed merger. My statement is in support and in furtherance of a statement that was submitted to the Board on June 10. The basis for my objection is my concern that the management of Fleet will continue its pattern of neglect and intimidation with respect to the financial needs and interests of lower-income and minority communities. And I fear that the proposed merger will tend to weaken the community empowerment commitment that has been a hallmark of BankBoston's reputation and proven track record over many years.

I have serious doubt that the resulting entity will be one that is responsive to the residential mortgage needs or one that is oriented toward the long term housing financing desires of lower-income homeowners and would be purchasers. With the recent increase in foreclosure activity resulting in part from increasing property values but also fueled by gentrification and speculative investor interests this concern is very real. Others here today will speak at length on the likely negative impacts of the proposed merger on communities targeted by such interests and the effects where a major lender, without the incentive created by competition, ignores community needs and is focused primarily on higher income residential borrowers and on commercial lending activities.

With the limited time allotted I would like to emphasize the weakness of the Fleet commitment to CRA, its treatment of community organizations and the conflicting signals it has sent over the past several years, since the Fleet / Shawmut merger application.

I would like to inform the Board of the experience of my organization. While Community Homeowners' experience rightfully should be viewed through the prism of Fleet's overall performance with respect to CRA programs throughout its market area, I am confident that ours is an experience which reflects a pattern of arrogance and deceit, emanating from the highest levels of the bank, that this Board cannot ignore or dismiss as an aberration or as simple, but regrettable miscommunication among the parties.

Nor can our treatment by Fleet management be assigned to the expected give and take or conflict among a community group and a bank where there is historic precedent for the parties to initially stake out adversarial positions as part of a virtual mating ritual to arrive at a settlement which allows the bank to achieve its objective in exchange for a "donation" to the community group.

In our case, there was no adversarial relationship, or so CHA thought. Fleet sought our assistance and we provided it. When the Fleet / Shawmut merger was current I received calls from senior management of Fleet, including the chairman of the bank, assuring me of the bank's interest in continuing CRA-based programming with CHA. Unfortunately, the bank was not candid in its true intention.

During 1993 through early 1995, CHA was contracted by Fleet and other banks to conduct a remedial and subsidized mortgage loan program in response to the so-called "second-mortgage scam". A high level of loan default and foreclosures resulting from the real estate run-up of a decade ago and a pattern of improper lending practices by regulated and unregulated lenders and home improvement contractors prompted an industry response, in part to avoid threatened consumer protection legislation. I need not recite the abuses as they have been well documented in the Fed's own investigation and reporting of the period.

CHA conducted nearly all of Fleet's affordable mortgage product under this program, and received kudos for our efficiency and credibility. After the conclusion of the formal program CHA continued, with the support and approval of the bank, to provide Fleet mortgage financing for community residents.

At the bank's invitation, CHA designed and submitted a proposal for continued affordable mortgage products and related programs. The "Fleet / Community Homeowners Partnership Program" was intended to expand upon the earlier program and to include increased counseling and homeownership opportunities. I enclose copies of letters to the bank evidencing our ongoing communications efforts during the period prior to and after the merger.

Despite these efforts and the credibility CHA thought it had established, once Fleet succeeded in its merger with Shawmut, CHA was virtually ignored. Calls and letters to senior management were unanswered and CHA suffered significant damage to its reputation and service capacity. It was like being in Siberia, or in apartheid South Africa. Suddenly, CHA was "banned" and no longer of interest to the bank.

In our written statement of June 10, CHA's essential reason calling for the denial of the application was Fleet's actions in using CHA to "assure its successful merger with Shawmut and thereafter reneging on its commitment to CHA."

I want to document the above assertion in three areas which I believe will tend to prove Fleet's disinterest in community development, its view that such concerns are merely a necessary and unwelcome cost of doing business, and that its true concern is in doing whatever is necessary to attain its expansion goals.

1. **Fleet was not forthcoming and complete concerning CHA's role in providing services on behalf of the bank in its response to inquiries submitted to the Fed as part of the Fleet / Shawmut merger application.**

In a letter dated September 25, 1995, sent to the Secretary of the Board of Governors, Fleet stated that it "has been and continues to be committed to responding affirmatively to the deposit and credit needs of the communities it serves....Fleet undertakes its responsibilities to community development and reinvestment with a serious, diligent attitude. The commitment of Fleet's senior management goes beyond mere compliance with CRA. ...partnerships with Fleet's communities and the many voluntary and governmental organizations that sustain them is a key aspect of its strength."

To buttress its claims of affirmative response and of a 'serious, diligent attitude', Fleet provides a listing of CRA driven affordable mortgage programs in the northeastern United States. With respect to Massachusetts the bank lists three programs it conducted between 1993 and 1995. The two which were in operation in 1993 (Mass. Housing Partnership and Mass. Attorney General Program) accounted for $13,184,000 in loan volume and 185 loans. Fleet's pride in submitting this data as evidence of its commitment and as proof of its "partnerships" and credibility with "voluntary and government organizations" is undercut as CHA's name is surprisingly omitted from mention as the agency conducting the "Mass. Attorney General Program."

It seems remarkable that the agency responsible for 65% of all of Fleet's 1993 Massachusetts LMI product didn't deserve a mention or to be listed to document the provision of the claimed loan volume. Certainly, Fleet and the Board of Governors relied most heavily upon the bank's 1993 community development lending as evidence of the bank's qualifications under CRA.

Further, according to the bank's own report over the three year period, CHA was responsible for 24% of all the bank's LMI product in the state. Why this level of performance did not earn distinction and recognition in Fleet's submission is not a mystery when measured against CHA's assertion that the bank was determined to renege on its commitment to CHA and to the lower-income minority community it claimed to respect.

Further, by not listing CHA as a prinicpal participant in the bank's CRA programs, Fleet sought to limit and conceal CHA's role in a cynical attempt to diffuse CHA's ability to effectively publicize the bank's intent to renege on its publicly stated commitment to the Fleet / CHA program. As the Fleet letter was submitted several months after the public meeting (where CHA reserved its support of the merger pending resolution of the partnership agreement issue), apparently CHA's name was excised by the bank to avoid the possibility that CHA would use the data as evidence of its effective performance and of the bank's intent to renege on the agreement.

Paradoxically, Fleet empowered UNAC (NACA), a group with little popular community support with a similar, but significantly different program. The management of that organization only recently acknowledged publicly that NACA was "not a CRA program."

2. **An employee of Fleet improperly solicited money from unsuspecting homeowners with promises of loans and Fleet refuses to reimburse the defrauded victims.**

A Fleet employee improperly solicited and received thousands of dollars from would-be mortgage applicants, stating the money was to be paid to Fleet as part of the loan approval process. Apparently, the employee converted the funds for his own use. When Fleet was informed of the matter (see enclosed letters) the bank ignored the information. While one victim was reimbursed, the others were not even contacted and eventually lost their homes to foreclosure.

The names of the victims have been redacted because of fear of reprisal by the bank.

3. **As a result of CHA's reliance upon Fleet's representations, it forfeited over $5000. of its deposit on a real estate purchase.**

Despite the bank's assurance, and repeated pleas from CHA, Fleet refused to honor its commitment to provide mortgage financing as part of the underlying agreement. (See letter from Fleet to seller)

4. **Fleet refused to implement and fund the partnership program that it agreed to, causing homeowners to face unnecessary foreclosures and impugning CHA's credibility in the community.**

Fleet's actions to undermine the agreement and to cause conflict among interested community groups is set forth in CHA's June 10th submission.

This information demonstrates a pattern of deception and abuse that is inconsistent with the purpose of CRA. The Fed cannot build confidence in the prospective resulting merged bank when Fleet has with deliberation and arrogance refused to honor commitments its made to bona fide and experienced organizations. CHA expended thousands in legal and other expenses prepatory to and in reliance upon the bank's stated commitment. Scores of documentable meetings, telephone conversations and written communications give further credence to CHA's contention that Fleet management agreed to the terms of the agreement only to renege for reasons which were never communicated in writing or in public. Again, I refer to CHA's letter of June 10 for a more detailed recitation of the events leading up to the bank's refusal to honor the agreement.

Many will ask, "What happened?" If what CHA claims is really true, why would Fleet's management operate in such a manner. I have asked myself that very question many times over the past several years. I would like to ask Terry Murray that question. Community-based organizations that successfully provide dedicated service, preventing foreclosure for dozens of long term homeowners, many of them elderly and pillars of stability in their communities, ought be applauded and not castigated.

Recognizing the intense scrutiny from the bank as well as from the community that had every right to know if we were providing real services in an effective way, and understanding that scores of long-term homeowners were at risk of foreclosure and loss of home and family created great pressure upon CHA and other involved organizations to negotiate loan workouts, short sales, loan closings and to provide pre-closing and post-closing homeownership counseling in an effective and timely manner.

Fleet's refusal to honor it commitment certainly could not have been the cost to the bank. CHA processed more than 13,000,000 in loans with total financial support from Fleet of less than $30,000. This equates to about .25pt. per loan, compared to Fleet's payment of nearly 3 points per loan to UNAC.

Why, then? In my opinion the convergence of a combination of factors led to the manner in which CHA and other independent-oriented community organizations throughout New England and New York have been ill-served by the bank's claim of community support:

1. Institutional racism –the bank didn't expect that CHA or any minority-controlled organization would be qualified to conduct a financial services program in a professional and efficient manner. With little expectation, Fleet viewed the program [and the community] as a throwaway, of little strategic benefit to the bank.

2. Irrational fear of community-based organizations –Fleet assumed the worst and took an adversarial relationship with CHA and other organizations in the African-American community despite a proven track record of cooperation and effective advocacy.

   Perhaps UNAC was successful despite its total lack of qualification and the virtuol of its so-called director, because of its aggressive and negative media campaign full of personal and *ad hominim* attacks on Terry Murray.

   By contrast, CHA's thoughtful and reasoned approach to conflict resolution apparently intimidated senior bank officials so much so that the bank responded with the irrational NACA loan program, one with such a high default rate that even the bank refuses to disclose. Not surprisingly, CHA has saved the homes of former NACA clients who were rejected as either "too far gone to help" or because of the client's failure to sufficiently genuflect before NACA's so-called director.

3. An arrogant belief that the bank is so big that it can intimidate and eliminate any opposition or challenge. By selective disclosure of the Fleet / CHA agreement the bank sought to derail its commitment to the community and to blame such failure upon "infighting among community groups."

4. Fear among Fleet managers that their jobs were in jeopardy if they didn't deliver "the community groups" en masse in support of the merger at the Fed public meeting. One local group listed in the above referenced Fleet letter earlier issued a letter of support for CHA. Shortly after the public meeting it considered apologizing to the bank, fearful of reprisal.

While one can speculate on these matters, we likely will never know the whole truth. It is unclear whether this information will defeat the merger application. It is clear that Fleet's management has been dishonorable in its dealings with CHA and with other organizations. Apparently, the bank empowers only those it believes it can control and limit.

The letter and the spirit of CRA do not support the tactics used by Fleet to achieve its ends. I fail to understand how causing a supportive and effective organization to lose its deposit money and credibility in the community benefits the bank.

And, one is hard pressed to understand how a qualified community-based organization can receive an oral commitment from the chairman of the bank, a written and executed memorandum agreement from a senior manager, have assisted for three years in the processing of a large portion of the bank's LMI product, and not merit as much as a footnote in the bank's merger submission to the Fed reporting on its CRA lending.

As the number of megabanks increases, the pressure on community interests, particularly for lower-income and minority neighborhoods; and as the threat to aggressive CRA enforcement grows, every progressive thinking consumer must become concerned. The concentration of banking and financial services into a few behemoths will result in less services for the poor and the dispossessed, and greater opportunity for the arrogance of greed and power to trod upon community-based organizations and their opportunities to provide protection from unscrupulous lending practices and insensitive lenders who focus only upon the short term financial bottom line.

Although my testimony may appear to merely vent one organization's frustration and dissatisfaction with the manner in which it has been treated, I truly hope that the proposed new bank will view these events as an opportunity to reflect upon its actions and attitude concerning community participation in its CRA activities.

Many organizations throughout New England have sought to participate, and some have done so successfully. Unfortunately, many others have experienced reluctance, delay and sometimes hostile reactions to well-planned community-based efforts designed to improve neighborhoods while enhancing the bank's presence and its bottom line.

Will the new bank bring a fresh vision of its relationships and responsibilities? I certainly hope so. Opportunities for progressive and mutually beneficial programs of empowerment and cooperation can occur where there exists trust and fair dealing among all parties. I hope the new bank will aspire to higher goals in ensuring services for all of its service areas, including lower-income and minority communities.

I hope my testimony has been helpful. With respect to those loan applicants who were victimized by Fleet, I am prepared to share unredacted information with the Board or other proper authorities.

Regardless of the outcome of this application I feel it is important that the CHA experience with Fleet be part of the record of this application process. I hope it may be instructive to others in the future.

Thank you for your attention.

3. **MASSACHUSETTS**

A. **MASSACHUSETTS HOUSING PARTNERSHIP SOFT SECOND PROGRAM** This program provides two mortgages - a 75% first mortgage and a 20% deferred second mortgage to LMI residents of Massachusetts. For the second mortgage, borrowers pay interest only for the first ten years and qualified borrowers may have the interest subsidized by Massachusetts Housing Partnership.

LOAN VOLUME

1993		1994		YTD 1995	
#Loans	$Amount	#Loans	$Amount	#Loans	$Amount
96	$4,618,000	188	$8,216,000	40	$1,536,000

B. **UNION NEIGHBORHOOD ASSISTANCE CORPORATION ("UNAC")** - This is a partnership portfolio program with Union Neighborhood Assistance Corporation, a non-profit agency that provides home buyer counseling to inner city residents of Boston. Fleet provides 100% financing with no closing costs. The program started in 1994.

LOAN VOLUME

1993		1994		YTD 1995	
#Loans	$Amount	#Loans	$Amount	#Loans	$Amount
N/A	N/A	98	$11,169,000	124	$13,675,000

C. **MASSACHUSETTS ATTORNEY GENERAL PROGRAM** - This was a Fleet Bank of Massachusetts portfolio program designed to refinance borrowers who were facing foreclosure due to high interest rate second mortgage loans. The program also provided loans for purchases of homes within LMI and minority communities.

LOAN VOLUME

1993		1994		YTD 1995	
#Loans	$Amount	#Loans	$Amount	#Loans	$Amount
89	$8,566,000	30	$3,389,000	2	$199,000

<u>**Community Homeowners Association, Inc.**</u>

Request: $175,000 per year as charitable contribution (501c3 pending) and ability to bill clients on fee for service basis

Recommendation: $125,000 per annum[1]; fee for service must demonstrate benefit to community, be modestly priced, and be a legal activity. Fleet would require a legal opinion regarding issue of being a mortgage broker.

Request: $17.5 million in "INCITY" product

Recommendation: $12 million CHA/Fleet product and $5.5 million "set-aside" on Fleet CRA Mortgage Product. CHA/Fleet product must contain competitive LTV, purchase rehab, refinance, maximum income limits, debt/income ratios, no PMI, and require CHA credit counseling to qualify

Request: $1 million revolving fund to acquire RTC, FDIC, etc. properties for the benefit of homebuyers and for neighborhood stabilization

Recommendation: A $250,000 line of credit to CHA, where Fleet approves on a case by case basis the acquisition of one or more 1-4 family structures, after analyzing the purchase price, time and expense to rehab, marketability, and availability of owner occupant buyer in the CHA network. Adequate appraised value and modest rehab would be key factors. CHA must demonstrate the community value of the acquisition (below market value to family acquiring building) for request to qualify.

Request: Fleet "underwrite" the cost of acquisition, rehabilitation, and furnishing of new offices at 630 Warren Street, Roxbury

Recommendation: If we have assurance that $125,000 is adequate before any disbursement, Fleet would consider a $50,000 grant and a $75,000 construction/permanent loan / and $5000 computer hardware /software purchase and availability of surplus equipment from Fleet Bank to adequately outfit office space at 630 Warren St.

3/29/94

Dwight Miller
Community Homeowners Association, Inc.

[illegible]. Marston
Fleet Bank of Massachusetts

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1. * For three years payable quarterly in advance
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March 29, 1994

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* Letter of agreement to follow expeditiously with acceptable
  product guide.
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Fleet Bank

John E. Marston
Senior Vice President

June 30, 1994

Attorney Ira Nagel
85 Devonshire Street
Boston, Ma 02109

Re: 630 Warren Street, Roxbury, MA

Dear Sir,

This communication is to confirm that Fleet Bank is considering providing financing for Dwight Miller for the acquisition of the above referenced property.

Assuming all lending conditions are met, I anticipate a favorable decision on this financing request.

A final decision on a loan commitment should be made shortly.

Sincerely,

John E. Marston
Senior Vice President

Affidavit of [redacted]

In [redacted] of [redacted] I went to the Fleet Bank Loan Office in Grove Hall with the intention of applying for a loan to refinance my parents' home. I was introduced to [redacted] who said he was a mortgage originator for the bank.

I explained the financial problems that my family was facing due to [redacted]. These expenses combined with high mortgage payments created a hardship for my family and I was looking for help from Fleet. I had heard that Fleet was doing business in the community and assumed that I could get help. I could not have been more wrong or disappointed.

[redacted] had me complete a Fleet mortgage application and assured me that I would have no problem in obtaining a mortgage through his bank. As time passed, and with my repeated requests for information and status updates, [redacted] assured me that everything was "moving along" and that moneys would be expected from me to pay as we proceeded with the refinancing of the house.

As a result of being guided through the "refinancing process", I paid out a total of $[redacted] By relying upon the bank to treat me and my parents fairly and in a businesslike way, I was tricked into giving away virtualy all of my and my parents savings. I became suspicious only after so much time passed with no loan commitment from the bank.

Only after obtaining counselling and help from a community organization did I realize what had really happened. Fleet Bank never contacted me about this matter. I had to contact the bank to find out what was going on. Although I was told that my payments were required by the bank, I never received any notice or acknowledgment of my status. While the bank has returned my money, the loan [redacted] has not been closed, and my parent's house was foreclosed upon.

Also, while the bank returned the money, I was not treated as I deserved. I was repeatedly questioned and challenged at every turn. I am grateful that at least I got the money. But, I felt pressured to accept what the bank felt it should "give". And, I had to sign a release which I felt meant that I could not complain or take any action against the bank. I felt powerless and that I had no choice. Either I had to agree with the bank or I would not get my money or the loan. No one should have to go through the extreme stress and aggravation that was my experience with Fleet Bank. [redacted] died during this period, adding further stress and pain in the midst of all this insanity.

I am extremely disappointed that the management of Fleet Bank could have allowed and condoned such unethical and unfair activities. As much as [redacted] was at fault, the bank is even more so. Where were the management controls to prevent my being victimized like this. How could the largest bank in the city, claiming that it wanted to help the black community, employ people who were out to rob customers? How could the bank have allowed such an employee to represent their institution. Why was he assigned to this community, and not elsewhere (like in the non-minority sections of the city). How was he trained, and who was supposed to oversee his activities. To my knowledge, during my dealings with [redacted] here was never any follow through by management to oversee his performance or the service being provided to me. How can a bank operate like this? And, when the wrongdoings were uncovered I still was treated in a roughshod manner by bank management.

As a long term resident of this community I believed that the opening of the Grove Hall office signaled an economic commitment to address instances of unfair or illegal lending activities charged against Fleet in Boston and in other areas of the country. Instead, what the community got was a criminal bank representative who took advantage of people whom had already been victims of some form of financial misconduct by banks and loan sharks.

I find it to be unacceptable and unfair to have been subjected to fraudulent conduct and in the process losing our home to foreclosure. I thought that the banking laws protected consumers from these kinds of unfair dealings.

I have often asked what is Fleet's real intention. Was it to help the community or to fleece it. I question Fleet's motives in hiring dishonest people, putting them in a position of trust and power over customers, and then keeping them on the payroll. I know there are several other families who were ripped of like I was by the bank. I was never contacted by the bank concerning my application, and I am particularly disturbed that once management knew what had happened their idea of correcting the situation was to coerce me into signing a release rather than to ensure that we would not lose our home.

I am very angry and offended for what I went through. In my opinion, Fleet has not demonstrated its interest or ability to help me or this community. I am making this statement in hope that others will not also become victimized by the bank's management practices. Had it not been for the intervention of a concerned community organization I am sure that I would have received no help from the bank.

I have not complained to any law enforcement agency out of fear that the bank will [redacted] But, I do not want anyone else to have the experience that I had.

I do not feel that the bank has shown that it can serve this community in a fair manner. I hope something positive will result from my speaking out.

[redacted]

July 12, 1995

Affidavit of [redacted]

We want to complain about the way we were victimized by Fleet Bank when we tried to get a mortgage to refinance our home at [redacted] MA.

We were defrauded out of more than $[redacted] because we trusted the bank and its loan originator, [redacted] We met [redacted] at the Fleet Office in Roxbury and he was assigned to our loan. We filled out all the documents and were told we had to pay bank fees.

Although we gave our money, we never received the truth-in-lending disclosures required by law, but we were told that the bank was slow and that our loan was approved. We were desperate to obtain a loan and we relied upon [redacted] to help us. We were not familiar with Fleet's loan process and depended upon the bank to treat us fairly. We hear that [redacted] has pleaded guilty to some crime. In our opinion, he is not the only guilty party. Why didn't the bank oversee [redacted] work and make sure the payments he asked for were accounted for? Why were we not contacted by either the bank or the District Attorney's Office? To this day we have not been informed of the status of our loan, or that [redacted] is no longer an employee.

We only found out about this recently. In fact [redacted] talked to [redacted] last week when [redacted] told him that our money was safe and that the bank would return it at any time. [redacted] still insisted that he would get us a loan through Fleet Bank.

We want to know why the bank has not contacted us. We are facing foreclosure of our property and we relied upon the bank to treat us fairly, not to rip us off. While an employee of Fleet, [redacted] tried to get us involved with an [redacted] and a [redacted] who he said we had to pay to get our taxes done for the bank because the bank did not accept the same tax return we send to the IRS.

There is something seriously wrong here. How many other have been treated as we were? How was [redacted] able to carry on this charade without help from others in the bank. There must have been others who got paid off. And why didn't Fleet notify us that [redacted] no longer worked for the bank. We have asked Community Homeowners to help us. If they can't, we are going to complain to the attorney general and other agencies.

We feel that the bank is responsible for returning our money and for the conduct of its employees. It is a real insult that the bank comes into this community claiming that it is the best bank, then hires dishonest staff who do more harm than good. It is no wonder that the minority community can never accomplish anything positive. The [redacted] who control the bank continue to make sure that we don't get a fair chance.

[redacted] [redacted]

July 14, 1995

Affidavit of [redacted]

We are making this statement to inform the proper authorities concerning a loan application we made to Fleet Bank in March, 1993. We paid the Fleet originator, [redacted] to process our application. We received nothing in return. We did not even receive the all the disclosure documents required by law.

After a lengthy period, and repeated attempts to reach him, [redacted]aid that "things were looking pretty promising for us" and that we would hear from him soon with a closing date. Apparently our loan application was never submitted to the bank since we never heard again from him. Our house was never appraised and we don't know what happened to our deposit money.

We were about to be foreclosed upon and we sought other sources to secure a loan. We contacted [redacted] credit union. They were very helpful and concerned, unlike the experience we had with Fleet. But, in the end they could not approve our loan application because of our bad credit. But, the loan originator referred us to Community Homeowners Association. There we met with Dwight Miller. He put us through his program and we were granted a loan through Fleet, saving our home.

The difference in service was like night and day. While the Fleet employee was unprofessional and lax, Community Homeowners was attentive to our concerns and was very diligent to getting our loan because we were facing foreclosure in a matter of weeks. We have seen many instances where this organization performed "miracles" for people who had no way out of their situation. We are most thankful that this group was there for us. Its a shame Fleet Bank reneged on its agreement to give CHA more money to help homeowners in need of reliable financial help.

We are disappointed that the bank didn't supervise its employee the way it should. If we had waited for [redacted]o get back to us we would have lost our home. We know now that just because Fleet is a big bank doesn't mean that it is a good bank.

From our experience, we don't think Fleet should be allowed to buy Shawmut Bank. Fleet should get its own house in order first.

Since we received no real service from Fleet's employee, we would like to get our money back. The time and hassle we went through with Fleet was a waste of time.

[redacted]

[redacted]

July 15, 1995

Affidavit of Dwight K. Miller

I am making this statement on behalf of Community Homeowners Asso., Inc. concerning certain activities of Fleet Bank mortgage personnel during the past 2 years.

The following assertions are made based on information and belief, and are also the result of conversations with clients and members of this organization as well as with employees of the bank.

There are several members who were allegedly defrauded by a certain mortgage originator assigned to the Grove Hall Office. Some of these individuals received their money back as a result of an investigation by the Fleet security department. Others received only a portion of their money, and some were not notified that they may have been defrauded by the bank through its employee. Some lost their homes as a result of reliance upon the promises of the originator and upon reliance on the integrity, professionalism and reputation of the bank.

As a result of intervention by CHA many of these borrowers were qualified and granted loans through the attorney general program. In the course of processing these cases it was determined that:

1. a certain employee of the bank was requiring unsophisticated borrowers to give large sums of money directly to the originator

2. the power of the Fleet Bank affiliation gave the originator inordinate influence and control over at-risk homeowners who were facing the uncertainty of imminent foreclosure and family displacement

3. at least two employees were involved in these activities

4. these employees were observed, based on information and belief, frequenting a 'crack house' in the community.

5. questionable or fraudulent activities continued for more than a year

6. many potential borrowers/victims were never identified by the bank or notified that they would be compensated for their loss.

7. the involvement of other individuals may indicate a more sinister purpose to these activities

As a result of receiving this information, and recognizing that CHA's mission and integrity could be undermined should this information become public, I sought two avenues of response:

A. CHA quickly and quietly processed each questionable situation where either of the suspected employees were involved. We took special pains to discourage client questions about the originator's appearance and demeanor. We aggressively pushed Fleet's underwriting department to process and issue approvals quickly in anticipation that the client would receive his loan and focus his attention on securing his refinancing, distracted from any doubts concerning the bank's employee.

B. I also contacted a manager at the bank and notified him of my concern, and of the potential liability for the bank and the community should matters continue as they were. I specifically and adamantly warned the manager of the political problems that could arise should it be perceived that the bank hired and assigned persons of questionable qualifications or credibility to the Grove Hall Loan Office. I urged that reassignment be considered and that internal management controls be reviewed and strengthened. That my message was conveyed to senior levels was confirmed only recently.

Although one employee has been convicted for his activities, only a dozen or so individuals/victims have been identified by the bank. I would recommend that the bank should attempt to locate the remaining borrowers and resolve these matters. As of today, these are open wounds which could have significant importance to federal regulators and law enforcement agencies in view of the planned merger between the bank and Shawmut.

Dwight K. Miller
President

July 15,1995

COMMUNITY HOMEOWNERS ASSOCIATION, INC.
P.O. Box 2
Dorchester, MA 02121
617 445-4005

Dwight K. Miller
President

10 June 1999

Mr. Richard Walker
Community Affairs Officer
Federal Reserve Bank of Boston
600 Atlantic Avenue
Boston, MA 02106

Re: Fleet / BankBoston Merger Application

Dear Sir:

I would like to register this organization's opposition to the above referenced application and request a public meeting to allow for public participation in the regulatory decision-making process.

CHA's objection is based upon Fleet's willful failure to implement an agreement entered into by the bank and CHA in March 1994. Specifically, Fleet agreed to support and fund a community empowerment program designed by CHA which program was a result of the effectiveness of an earlier mortgage subsidy project conducted by CHA under contract to Fleet. That program was initiated and monitored by the office of the state attorney general and was supported by the Massachusetts Bankers Association in response to the so-called "mortgage scam" lending practices by some banks and unregulated lenders and contractors in the wake of the real estate runup of the early 1990s.

Under contract to Fleet, Shawmut and USTrust, CHA implemented a loan program that resulted in the prevention of foreclosure for scores of long-term homeowners and in purchase opportunity for many otherwise unqualified consumers to acquire a home.

As a result of our successful efforts, and in response to Fleet's interest in continuing CRA lending opportunities in lower-income and minority areas, CHA was invited to develop a new program designed to meet the financial and counseling needs of the lower-income and minority communities in Fleet's Massachusetts service area.

After a series of meetings with senior officials, including Chairman Murray, CHA presented a proposal that was accepted and approved by the bank. A subsequent memorandum agreement was executed by the bank and by CHA. That agreement is incorporated herein by reference and is appended hereto.

That Fleet had no intention of honoring and implementing this agreement and of its duplicity became evident by the occurrence of several events. Simply put, the bank sought to ensure no opposition to its merger with Shawmut Bank by undertaking a policy of containment and conflict by pitting local community groups and individuals against one another, using vague promises of funding to eliminate the likelihood of opposition.

The above assertion is borne out by the following sequence of events. Within days of signing the agreement a senior official of the bank called, ostensibly to "give you a head's up", informing me that he had "inadvertently" told a Boston Globe reporter about the existence and the nature of the Fleet / CHA agreement. The reporter called within hours insisting that I disclose the terms of the agreement.

Normally, such an initiative program would be presented to the public in a bilateral format with well planned publicity providing program information and timed to ensure positive benefit, particularly since the Fleet / Shawmut merger was in the approval process. The day the newspaper article was published, I received calls from various, previously unheard from "community interests" seeking "a piece of the action!" presumably in return for their unsolicited support or perhaps as the price for withholding unwarranted and prior thereto nonexistent opposition.

Ultimately, after subsequent meetings with bank officials and various community groups and politicians, and despite the signed agreement, CHA was informed by Fleet that every group (presumably every and any group or individual who had read the newspaper article and regardless of whether such group or individual had a demonstrated interest or experience in delivering the services proposed in the agreement) had to agree with the program.

A call to a senior official at the bank's Providence headquarters evoked the curious rationale that a certain elected official, "...doesn't agree. You have to get her to agree." Another bank official stated, "I could give $5000. to every minority group in Boston and they would be glad to get it." This statement says volumes about the bank's interest in comprehensive programming designed for long-term and sustainable community empowerment. It is also curious that another organization with whom Fleet was also negotiating a program not only was not required to achieve community support, but in fact was vocally and publicly opposed by many groups, including elected officeholders, particularly in the minority communities of Boston.

At no time was the CHA agreement conditioned on the approval of external and irrelevant factors. Our previous Fleet sponsored program carried no such demand. In fact, at that time bank officials urged that due to the nature of the services offered, and because of our relationship with lenders under a mandated remedial loan program [including a lottery system], issues of confidentiality and impartiality be closely monitored and that CHA maintain an appropriate distance from groups advocating for loans to specific individuals.

The effectiveness of Fleet's plan is evidenced by the fact that CHA was one of the few organizations presenting reservations at the public meeting held by the Fed on the Fleet / Shawmut merger application. And, CHA was the sole organization from the Boston minority community voicing any opposition to the merger. Predictably, the same groups who only weeks earlier at meetings with Fleet and in the local press had called for denial of the application thereafter criticized CHA for speaking in opposition. Reportedly, some received mortgage loans from Fleet shortly after merger approval.

Fleet's efforts to undermine the agreement by the unilateral and selective release of confidential information to the press and to certain individuals had its intended effect. Suspicion and accusation arose among various groups and individuals, some with sincere intentions and some who merely saw an opportunity for personal benefit at the community's expense. If one places a gallon of water in the midst of a crowd of thirsty people the result is predictable and obvious; the crowd will devolve into clusters of contention and fisticuffs, and the water will be spilled. In this case, while the contention among the groups has subsided, the planned community benefits have been denied.

As a result of its refusal to release funds as agreed, CHA defaulted on it's contract to purchase the property housing its offices (as provided for in the agreement). The bank's breach was the proximate cause of the forfeiture of CHA's deposit in excess of $5000.

Fleet's refusal to implement the program agreement reflects an arrogance and disregard for the lower-income and minority consumers that the program was designed to serve. In fact, the number of residential mortgage loans granted in urban neighborhoods during each of the three years after the merger was lower than prior to the merger.

With no basis for reneging on the agreement and no notification by the bank of its intent to breach its commitment, such unfair and duplicitous practices disqualify Fleet from receiving regulatory approval for the proposed merger. Just as candor, honesty and character are seminal elements of sound banking practices, fairness and integrity in implementing CRA programs is essential to ensure the delivery of equal and open opportunity for every member of the bank's service area to access financial products and services.

In this case, the bank took advantage of CHA's demonstrated results and good will in order to assure regulatory approval of the 1994 merger application; and reneged on its commitment thereafter. Such practices defy the purpose of CRA, community banking goals and do violence to regulatory standards and industry practices.

For the above reasons and other reasons, CHA opposes the application and urges its denial. In the alternative, CHA requests that as a condition of the regulatory approval process, the bank be required to compensate CHA and to implement the agreement.

Sincerely,

Dwight K. Miller
DKM:ss /enc.

COMMUNITY HOMEOWNERS ASSOCIATION, INC.
630 Warren Street
P.O. Box 2
Dorchester, MA 02121
617 445-4005

15 May 1995

Mr. John E. Marston, SVP
Fleet Bank of Massachusetts
75 State St.
Boston, MA 02108

Dear John,

I am surprised to learn on last Friday that you apparently never received the enclosed communication of December 21, 1994. I had hoped to receive a response months ago. I would like to reiterate and update the information I provided at that time.

In addition to carrying out needed mortgage foreclosure prevention and counselling services under contract to Freddie Mac, we are now also providing similar services for the FDIC. Both agencies have recognized the continued and increased need for neighborhood stabilization and home retention services, particularly in lower-income and minority communities. The added value resulting from services provided by CHA and other community-based agencies has resulted in more efficient processing and cost-savings to Freddie Mac and FDIC, and has avoided many instances of foreclosure and financial loss to lenders and homeowners.

We have also enhanced our effectiveness by establishing working relationships with other agencies involved with community empowerment and consumer education. I enclose recent endorsements and news articles concerning our activities.

These activities, combined with our past effective administration of Fleet's Consumer Mortgage Subsidy Program in 1993, has strengthened our capacity and effectiveness in providing needed services. We have continued our commitment to assist those in need despite a lack of adequate funding.

I ask the bank to reconsider our demonstrated capacity to deliver effective services and our recognition as a primary source of relief for those at-risk of default, and for those unserved by other Fleet initiatives.

I again request a review of the agreement we reached in 1994, and the underlying assumptions. The bank's implementation of this program will further the mutual needs and interests of Fleet Bank and our constituents.

Sincerely,

Dwight K. Miller
President

DKM:ss
enc.

cc: Agnes Bundy, Fleet Financial Group

Hon. Joseph P. Kennedy, II, MC
Rev. Charles Stith, President, Organization for a New Equality
Walter Little, Grove Hall Board of Trade
Reginald Nunnally, Exec. Dir., NDCGH
Tom Callahan, Exec. Dir., MAHA

Groups join to stem foreclosure danger

Yawu Miller

Housing activists and officials from two federal agencies unveiled a new foreclosure prevention program on April 27th, which they say will allow homeowners who have fallen behind on their mortgage payments to avoid losing their properties.

In a press conference at the headquarters of the National Consumer Law Center in Boston, U.S. Rep. Joseph P. Kennedy II announced that the Federal Home Loan Mortgage Association (Freddie Mac) and the Federal Deposit Insurance Corporation will work in conjunction with the NCLC and several community-based housing advocacy organizations on two pilot projects aimed at helping mortgagees who are in danger of foreclosure.

"Committed homeowners are an asset no neighborhood can afford to lose," said Kennedy. "When hardworking families fall on tough times, we all have an interest in going the extra mile to allow them to keep their properties and maintain their stake in the community."

Under the programs, mortgagees who's loans are more than 90 days overdue will be referred to a counseling agency that will review the borrower's financial situation and develop a proposal to restructure the loan so repayment can resume.

Housing activists who have long been pressuring Freddie Mac to change its polices in the inner city praised the new program. "It's the first time that Freddie Mac and the FDIC have recognized the need to provide alternatives to foreclosure and recognize that there ought to be alternatives to foreclosure, displacement and loss of homes," said Dwight Miller, executive director of the Community Homeowners Association, one of the participating agencies.

Miller said the program is particularly effective in that it allows mortgagees the option of modifying their loans. Under the program, mortgagees can restructure their loan repayment schedule and reduce their payments by paying over a longer period of time.

The program will also help people who suffer from what activists call "underwater mortgages", according to Miller. Mortgagees who bought their homes during the real estate boom of the '80s can get their mortgages refinanced to reflect the reduced value of their homes, Miller said. "We can consider the fair market value of the home," he commented.

Under the Freddie Mac program, homeowners whose mortgages are held by the agency will be eligible for the program if they are owner-occupants in default on a property containing four units or less and if their incomes are at or below 115 percent of the median income.

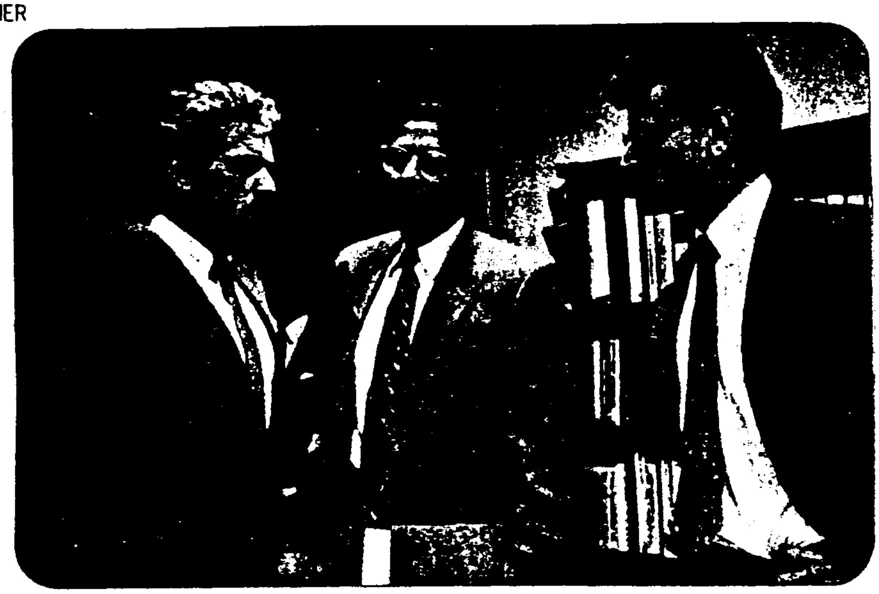
The initiative was launched after Kennedy and a group of community activists held a series of meetings with Freddie Mac and the FDIC. The activists had formed a groups they named the Coalition to Stop Freddie Mac Attacks. The activists complained that Freddie Mac, which owned what they estimated to be about a third of the foreclosed properties in the inner city, was doing nothing to help their mortgagees avoid foreclosure.

"Committed homeowners are an asset no neighborhood can afford to lose. When hardworking families fall on tough times, we all have an interest in going the extra mile to allow them to keep their properties and maintain their stake in the community."

— Joseph P. Kennedy

The high foreclosure rates in the Roxbury and Dorchester area were contributing to the destabilization of the neighborhoods by forcing owner-occupants out of their properties, activists say.

The foreclosures also put a strain on the mortgage holders, noted Gary Bowen, the FDIC's regional director. "Foreclosures are not cheap," he said. "We spend nearly $4,000 to initiate a foreclosure, and that does not take into account that if the property value has dropped, it is likely to sell for less than the amount currently owed. This program may allow us to keep people in their homes while at the same time saving the FDIC a tremendous amount of money."



U.S. Rep. Joseph P. Kennedy II joins Dwight Miller of the Community Homeowners Association and Gary Klein of the National Consumer Law Center at a press conference announcing a plan with the Federal Home Loan Mortgage Association and other groups to create two pilot projects that would assist mortgagees who are in danger of foreclosing. (Don West photo)

GLOBE PHOTO / JUSTINE ELLEMENT

Participants (from left) Dwight Millet, Rep. Joseph P. Kennedy 2d, Angie Wilkerson, Deval Patrick and Rev. Charles Stith leave a meeting yesterday on discrimination in homeowners' insurance.

US to probe insurance bias claims

Justice Dept. seeks facts about firms' practices in Boston

By Stephen Kurkjian
GLOBE STAFF

The US Justice Department will begin gathering evidence to determine if companies have engaged in discrimination by denying homeowners insurance to residents of Boston's poorer and predominantly minority neighborhoods.

After hearing complaints from community and housing activists, US Attorney Donald Stern and Assistant Attorney General Deval Patrick said they would order federal investigators to interview homeowners in Roxbury, Mattapan and Dorchester about alleged practices of discrimination by insurance companies.

Neither Stern nor Patrick, who heads the Justice Department's civil rights division, would say whether they were ordering a formal investigation into the possibility that insurance companies had engaged in discriminatory practices.

"We will be looking hard at the facts, and try to get facts that are as specific as possible and try to make a determination if there is a violation of any laws that are within the Civil Rights Division for enforcement," Patrick said.

While the session was closed to the press, Rep. Joseph P. Kennedy 2d, a Brighton Democrat who arranged the meeting, said a number of community activists provided accounts of homeowners being told by insurance companies that they didn't qualify for coverage.

"If the insurance industry hopes to write policies in this state they cannot exclude whole neighborhoods or individuals because on the color of skin or their geography," Kennedy said.

The insurance industry has denied that it has engaged in practices of discrimination in refusing to write policies in poorer neighborhoods.

Instead, the industry states, its decisions on where to write policies are based strictly on economic grounds – more claims for losses are filed in poorer neighborhoods, which cause the companies to be far more selective about which houses they decide to insure.

The Globe has focused on the problems that some homeowners in Roxbury, Dorchester, Mattapan and other poorer neighborhoods have had in obtaining affordable insurance for their properties.

Among other things, the articles revealed that three times as many homeowners in Roxbury were insured by the industry-subsidized, high-risk insurance pool than owners in predominantly white neighborhoods; that many insurance companies had reduced the number of agents writing policies in Roxbury, Mattapan and Dorchester; and that homes in those neighborhoods tended to be significantly overinsured.

Fannie Mae head decries discrimination

By Matt Carroll
GLOBE STAFF

James J. Johnson, the chief executive officer of the nation's largest mortgage institution, yesterday said the problem of mortgage discrimination against minorities was of "overwhelming significance."

"In the mortgage finance system, we have to face the fact that we have a significant problem with discrimination," said Johnson, of the Washington-based Federal National Mortgage Association, also known as Fannie Mae.

Johnson was in Boston yesterday to receive the Corporate Leadership Award from the Organization for a New Equality, a Boston-based nonprofit dedicated to fighting for economic equality for minorities. Fannie Mae has provided funding for ONE programs.

The award was given at a $100-a-plate fund-raiser at the Sheraton Boston Hotel & Towers, which was attended by about 450 people, according a ONE spokeswoman. ONE, which is celebrating its 10th anniversary, is run and was founded by Rev. Charles R. Stith, the former pastor of Union United Methodist Church in the South End.

To battle discrimination, Johnson said Fannie Mae was working to provide mortgages with lower down payments, seen as a major barrier to home purchases, and more flexible credit requirements.

Also receiving an award was Fletcher H. Wiley, chairman of the Greater Boston Chamber of Commerce and a partner with Goldstein & Manello. He was given the Civic Leadership Award. The Black Ministerial Alliance was given the Community Service Award.

Wiley, while accepting his award, said of Rev. Stith, whom he met playing basketball while both were students at Harvard: "It's ironic I should be receiving this award from you. You may not be as good a basketball player as you once were, or as good-looking as you once were . . . . But when we want someone fighting for economic justice, Charles Stith is the one I want out there," Wiley said.

Fannie Mae, which Johnson heads, does not make mortgages directly, but purchases them from lenders, and then resells them to investors, such as insurance companies. Each year it handles more mortgages than any other institution in the country.

REAL ESTATE

THE BOSTON SUNDAY GLOBE • MAY 14, 1995

GLOBE STAFF PHOTO / JONATHAN WIGGS

Debbie and Tom Fiore with son Jeff at their Brockton home, which was near foreclosure.

In lieu of FORECLOSURE

Massachusetts is the testing ground for a program to help families keep their homes

By Mary Sit
GLOBE STAFF

In 1988 when Debbie and Tom Fiore purchased their seven-room ranch house in Brockton, they were earning a combined income of $60,000.

But seven years later – after his back injury, his layoff, and both were injured in a car accident – the Fiores fell six months behind in their mortgage payments of $1,500 a month.

Their mortgage company began steps to take the title of their house through foreclosure. Then last March, the Fiores received a letter informing them of a free program offered by the Federal Home Loan Mortgage Corp. (Freddie Mac), which owned their loan, that would help them restructure their loan and keep the house.

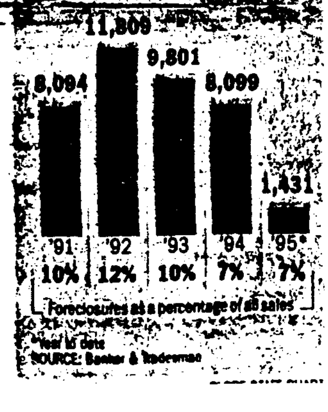
"I cannot tell you what a difference this has made! It's really a miracle. There's no other way to put it," said Debbie Fiore, 40, who works with families of special needs children.

The Fiores' mortgage is being restructured. Plans are to combine the amount they owe in delinquent payments with the balance due on their original mortgage, then lower the mortgage interest rate from 10.75 percent to 6 percent. The newly structured mortgage will adjust to an 8 percent interest rate in four years.

The Fiores are one of 10 families facing forclosure who have been rescued by a recently launched pilot program. Called the the Foreclosure Prevention Project, it is a joint effort by Freddie Mac, the Federal Deposit Insurance Corp. (FDIC) and the National Consumer Law Center in Boston, a non-profit, private organization which offers legal services to low-income people.

The program, formally announced last month at a press conference with community groups and US Rep. Joseph P. Kennedy 2d (D-Mass.), actually began operating quietly last February with Freddie Mac. So far, Freddie Mac has mailed 600 letters to families needing help, is reviewing 40 to 50 cases and has halted 10 foreclosures, said Ed Delgado, manager of business operations at Freddie Mac.

FORECLOSURE, Page A4



Program aimed at avoiding foreclosures tested

■ FORECLOSURE

Continued from Page A1

The FDIC, which began its program this month, has identified and offered help to 86 homeowners with delinquent loans, said Gary Bowen, regional director at the FDIC.

Statewide, there were 8,099 foreclosures in 1994, a 17.4 percent decrease from the year before, according to Banker & Tradesman, a real estate and banking journal. In the first quarter of this year, foreclosures have been occurring at the same rate as last year – seven percent of all sales.

Freddie Mac and the FDIC, acknowledging that foreclosure is an expensive process that destabilizes neighborhoods, realized community groups could be a valuable link to homeowners, said Gary Klein, staff attorney and project director of the National Consumer Law Center.

"It took a lot of negotiating. We forged a common interest. The lenders involved – Freddie Mac and the FDIC – recognized that aggressive foreclosure wasn't always good business. These programs reflect a change in attitude in the lending industry generally," said Klein. "Traditionally, they've looked at foreclosure as the first option rather than the last option. And in this program, that's reversed."

Here's how the program works.

Homeowners whose mortgages are held by Freddie Mac, one of the nation's largest holders of mortgages, are eligible for the Freddie Mac program. Families must be living in the house they own and may not earn more than 115 percent of the median income. In Massachusetts, that amount for a one-person household is $22,890; two-person, $51,918; three-person, $64,589; four-person, $70,855.

Families whose mortgage payments are 90 days late and who live in Greater Boston, Brockton, Lowell, Lawrence, Worcester or Springfield will receive a letter, inviting them to participate in the program.

The FDIC, which owns mortgages through its responsibility for failed banks, has the same requirements – except its program extends statewide, said Chris Norris, project coordinator at the Law Center.

After receiving a letter from the FDIC or Freddie Mac, borrowers contact the Law Center, which screens borrowers and refers them to a local nonprofit housing agency. The agency will provide financial counseling and write a proposal on how borrowers can restructure their loans in order to make timely payments. The counselor will also give any other financial advice necessary.

Strategies to prevent foreclosures, which cost from $4,000 to $6,000 to initiate, include: lowering interest rates; allowing the borrower to sell the house at a depreciated market value less than the mortgage amount; creating payment plans that are 1.5 times the regular payment so the borrower can catch up on late payments; and issuing a deed in lieu of foreclosure. In that situation, a borrower voluntarily surrenders the deed, walks away from the house and court proceedings are avoided.

For the Fiore family, the counseling session was a lifesaver. "Kay Connors of the South Shore Housing Development was absolutely fantastic," recalled Debbie Fiore. "She sits down, goes over the figures, 'How did this happen? Where are you now? What do you need?' She was absolutely one of the best advocates. It was the first time we felt like we had someone listening to us."

Convincing the lenders to talk with local community groups was the idea of longtime housing activist Norma Mosely, director of housing programs at the Ecumenical Social Action Committee, a private, nonprofit group which offers youth, education and housing services.

Other nonprofit housing agencies working with this pilot program are: Community Homeowners Association of Dorchester; Community Teamwork Inc. of Lowell; Ecumenical Social Action of Jamaica Plain; Hampden Hampshire Housing Partnership of Springfield; Homeowner Options for Massachusetts Elders of Boston; National Mortgage Counsel Center of Brighton; and Rural Housing Inc. of Winchendon.

"As I was doing housing counseling . . . I was running into absolutely impossible obstacles from the secondary housing folks (agencies such as FDIC and Freddie Mac which buy mortgages from lenders and hold them). They would just plow ahead and foreclose, foreclose, foreclose," said Mosely. "You would have to go through humongous litigation. And months of impossible stonewalling. You never knew who you were supposed to talk to.

"It seemed to me, these were public agencies serving the public, and they should be maintaining people in their homes instead of foreclosing, and then using the homes as affordable housing," continued Mosely.

In March 1994, Mosely invited Kennedy to co-host a meeting with community groups and Freddie Mac, the FDIC and Federal National Mortgage Association (Fannie Mae). It would take 11 more months to negotiate a program. The hardest part, was simply finding the right decision-makers to participate, said Mosely.

"There was a lot of risk involved," said Delgado of Freddie Mac. "We did not want to be affiliated with a failure."

The FDIC concedes the initial contacts were awkward. "The first meeting we had got a little tense. Each side felt they were being perceived unfairly and would not be cooperative," said the FDIC's Bowen. "Community groups felt we were unwilling to be flexible. Then Congressman Kennedy came . . . and added a good tone to it."

Kennedy called the pilot program a win-win situation. "When hard-working families fall on tough times, we all have an interest in going the extra mile to allow them to keep their properties and maintain their stake in the community," he said. Fannie Mae said it helped draft the proposal but chose not to participate because its own foreclosure prevention program was working well. "We didn't think that Fannie Mae needed another program, but we applaud any effort that anyone is doing to try to keep people in their homes," said Wayne Curtis, a vice president in Fannie Mae's Northeast region.

Although Freddie Mac and the FDIC say they have always tried to help homeowners keep their houses, community groups call this pilot program a new, proactive attempt to intervene.

"We fought successfully the mindset of many servicers and lenders who believed that they should punish a borrower because he can't pay," said Dwight Miller, president of Community Homeowners Association.

NEIGHBORHOOD DEVELOPMENT CORPORATION OF GROVE HALL

March 21, 1995

Mr. Dwight Miller
Community Homeowners Associations, Inc
930 Warren Street
P.O. Box 2
Dorchester Mass. 02121

Dear Mr. Miller

Thank You for taking time out of your busy schedule to give the Neighborhood Development Corporation of Grove Hall the presentation representing the work you are doing to prevent foreclosures in this neighborhood.

In the current housing market it is critical that people of color become educated in the value of home ownership and the necessity of preventing foreclose procedures against their homes. We applaud your efforts and support your proposal to continue the good work you have demonstrated in the past.

We are more than aware of the implications of the Fleet/Shawmut Bank merger, but we remain optimistic that the Fleet Bank will continue to honor its previous funding commitments to Community Homeowners Association Inc.

If you have a need for further support please feel free to contact me.

Sincerely

Reginald Nunnally
Executive Director

cc/file

GROVE HALL BOARD OF TRADE

P.O. Box 202 • Dorchester, MA 02121

Fleet Bank
Grove Hall Loan Center
Dorchester, MA. 02121

Att: Mr. Ronald E. Coard
Loan Manager

I am writing to you in support of the Community Home Owner Association, headed by Mr. Dwight Miller.

The Association has accomplished a great deal, but there is much more to be done to. To continue this effort in our community, we need support from people who care about the quality of life in our Community and are willing to support our struggle for Economy Development. The Community Home Owners Association has the endorsement of the Grove Hall Board Of Trade.

This year's challenge that we face are substantially greater than those of the past. Mr. Dwight Miller Home Owners Association has made such a difference and has influenced the course of human events displayed within the community.

We urgently support the Community Home Owners Association, It is within the best interest of the Grove Hall Board of Trade to see this program move forward.

I may be reached at (617) 427-4882, if there are any question's.

Sincerely,

Robert Hector

Robert Hector
President, GHBT

COMMUNITY HOMEOWNERS ASSOCIATION, INC.
630 Warren Street
Dorchester, MA 02121
617 445-4005

21 December 1994

Mr. John Marston
Fleet Bank
75 State St.
Boston, MA 02108

Dear John,

I know we haven't communicated lately. I wanted to update you as to CHA's current activities, to inquire as to the current status of negotiations with the community groups, and to inquire whether or not new discussions concerning CHA's services proposal would be useful.

As you know, CHA is a signatory to the Freddie Mac agreement entered into last week. I am particularly pleased that city officials and housing advocate groups convened at CHA's new offices at Grove Hall to announce this important program. CHA, along with other agencies , will provide foreclosure prevention services for mortgagors with Freddie-owned mortgages, and will assist Freddie to market REO properties to local residents.

We anticipate that we will enter into a similar disposition agreement with FDIC within the next two weeks; and, our lengthy negotiations with Fannie Mae should result in a program to support our counselling services early in 1995.

As a result of these in-place and expected programs, CHA is increasing its service capacity; and has broadened its base of community and organizational support.

I believe that our credentials as a recognized and effective community-based agency have been enhanced by our activities begun last summer; and, although we were disappointed that we could not conclude our agreement with Fleet at that time, in view of changing circumstances, a reexamination of the potential for a successful program might be of mutual benefit.

In light of our new activities and new location, we are planning a grand opening of our office and programs in January, 1995. As a past financial supporter of CHA, I would like to invite you, and other banks, to attend. And, inasmuch as Fleet may be a participant in one or more of the programs offered by Freddie or Fannie, this may be an opportunity to kick-off such new programs at a convenient community location.

Please advise me of your opinion regarding the potential value of reinitiating discussions between the bank and CHA.

Have a pleasant holiday season.

Sincerely,

Dwight K. Miller
President

DKM:ss

COMMUNITY HOMEOWNERS ASSOCIATION, INC.
29 Eldon Street
Dorchester, MA 02121
617 265-6050 / 436-6082

9 June 1994

Mr. John Hamill, President
Fleet Bank of Massachusetts
75 State Street
Boston, MA 02108

Dear Mr. Hamill,

I want to restate the urgency for closure of the agreement reached between the bank and CHA. We are effectively unable to further assist more than two dozen clients who are in immediate and desparate need of counselling and refinancing opportunities. These clients, some of whom have been "in the pipeline" for more than 6 months, have little other access to resources to help avoid foreclosure and loss of home.

Under the present circumstance, we can only attempt strategies designed to forestall the inevitable. As was the case in the Attorney General Program, most of these homeowners can be qualified to secure refinancing under traditional and untraditional underwriting programs. Our success with that program underscores the need and the effectiveness of community outreach and counselling activities, conducted by experienced and qualified community-based organizations, to stem the continuing tide of default and foreclosure, particularly in the minority and lower-income sections of Boston.

Mr. Hamill, as I stated to you in our recent conversation, we find ourselves in the current state of negotiations due, in part, to factors beyond the control or infuence of CHA. I can only advocate the primary mission and priorities of CHA, to reduce the negative effects on family unity and family stability resulting from the high rates of default and foreclosure experienced over the past several years, and to promote home retention and foreclosure avoidance programs designed to ensure long-term homeownership opportunity.

I further enclose a statement endorsed by a cross section of CHA's membership and supporters. The subscribers, constituting approximately one-third of CHA members and clients served during the past year, represent homeowners and renters who, but for the independent outreach and effective counselling services offerred by CHA, would not have had access to assistance. CHA fills a void and serves a real need. We, the lending community and concerned community groups, cannot afford to allow this deserving need to be stymied with so many families at risk.

I again urge your consideration and approval of the agreement in principle reached by the bank and CHA.

Sincerely,

Dwight K. Miller
President

DKM:km
enc.

COMMUNITY HOMEOWNERS ASSOCIATION, INC.
42 Torrey St.
Dorchester, MA02124
617 265-6050 / 436-6082

28 May 1994

Mr. John Hamill
President
Fleet Bank of Massachusetts
75 State St.
Boston, MA 02108

Re: FLEET / COMMUNITY HOMEOWNERS PARTNERSHIP PROGRAM

Dear Sir:

We, the undersigned members and supporters of Community Homeowners Ass'n., Inc., request Fleet to promptly implement the agreement reached between the bank and CHA. As a direct result of the work of CHA during the past year, many families have been able to avoid foreclosure and loss of home.

We desire for other members of our community, many of whom are presently facing the threat of foreclosure and financial ruin, be also afforded counselling and mortgage refinancing opportunities. Through the cooperation between Fleet and CHA many homeowners have been given a fresh start and a new beginning. The credibility and demonstrated results obtained by this collaboration should continue to be strengthened and built upon.

We urge the bank's continued support to empower CHA to fulfill its primary mission, to address a critical community need by preserving the existing homeownership base and by encouraging community stability and growth.

Sincerely,

THE MEMBERS AND FRIENDS OF CHA

Kenneth Alston
9 Fayston St.
Roxbury

Jean Altidor
594 Harvard St.
Mattapan, MA

Valerie Ashe
35 Caryll St.
Mattapan

Joan Beckford

Joan Beckford
109 Austin St.
Worcester

Elizabeth Belfon

Liz Belfon
34 Moultrie St.
Dorchester, MA

Beulah Bell

Buelah Bell
68 Alexandra St.
Dorchester, MA

Gerald Bell
36 Nelson St.
Dorchester, MA

Kevin Benjamin
8 Aggaziz St.
Cambridge, MA

...es Bennett
... Rockdale St.
... Park

Albertha L Bogan

Albertha Bogan
31 Stanwood St.
Dorchester

...den
...t.

Lisa Brown
... Alabama St.
Mattapan

Willie Brown

Willie Brown
13 Linwood Sq.
Roxbury

John T. Brown

John Brown
80 Ballou Ave.
Dorchester

[illegible]

Emma Carter
69 Thetford Ave.
Dorchester

[illegible]

Randall Coleman
22 Fox Hill Rd.
Ashland

[illegible]

Donna Cox
30 Harold St.
Roxbury

Maria da Rosa

Maria DaRosa
54 Norton St.
Dorchester

[illegible]

Lisa Dix
44 Woodhaven St.
Mattapan

David Duren

David Duren
377 Old Conn. Pth
Framingham

Janice Camillo
271 Eliot St.
Milton

LaVonda Chin

LaVonda Chin
6 Ruxton Rd.
Mattapan

Nancy Cook

Nancy Cook
Rosewood St.
Mattapan

Allen A. Curry

Allen Curry
49 Woodbine St.
Roxbury

Doreen Dimisew
23 Hillside St.
Jamaica Plain

Kenneth Duhaney
Valrie Duhaney

Valerie Duhaney

Randolph

Francoise Etienne
145 W. Selden St.
Mattapan

Duc Eugene
15 Holmfield St.
Mattapan

Eva Fontanez
Mattapan

Sue Giovanella
51 John Alden Rd.
Plymouth

Swannie Gooding
Walk Hill St.
Mattapan

Curly Greene
Walnut Ave.
Dorchester

Shirley Hall
29 Mt. Everett St.
Dorchester

Cheryl Harding
57 Milton Ave.
Dorchester

Rod Flakes
104 West St.
Medway

Till Freeman
724 Plain St
Brockton

Nancy Golinveaux

Reading

Sonny Gordon
31 Braddock Pk.
South End

Charles Greenaway
38 Evelyn St.
Dorchester

Barbara Hamilton
6 Andria Rd.
Hyde Park

Barbara Harrell
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BIGGER BANKS, BIGGER FEES:
The 1997 PIRG Bank Fee Survey

By Ed Mierzwinski, U.S. PIRG Consumer Program Director, Deirdre Cummings, MASSPIRG Consumer Program Director, the PIRG Consumer Team and staff and volunteers of the following state PIRGs and state and local consumer organizations affiliated with the Consumer Federation of America.

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BIG BANKS, BIGGER FEES:
The 1997 PIRG Bank Fee Survey

SUMMARY

Over 12 million American families already can't afford bank accounts. Other consumers are paying too much, especially if they bank at big banks. Meanwhile, in 1996 banks recorded over $50 billion in profits, yet another record. Growing fee income is an important part of those increased profits.

This 1997 national survey, prepared by the state PIRGs with assistance from state and local member groups of the Consumer Federation of America (CFA), updates our 1993 and 1995 national surveys.[1] The disturbing trend of more, and higher, fees is continuing. Data from 1997 are compared on a state by state basis and to 1995 national averages.[2]

Since bank deregulation began in the early 1980s, the PIRGs and other consumer groups have conducted numerous studies documenting skyrocketing consumer banking fees. Our studies have helped to focus national attention on the problem of skyrocketing bank fees.

Our findings show that the cost spread between big banks and small banks, and between multi-state banks and locally-owned banks, is widening. The best deal, for consumers who qualify for membership, is at member-owned credit unions. Others can find lower fees at small, locally-owned community banks.

The survey results are profoundly disturbing. Bankers are punishing low- and middle-income consumers with unjustifiable fee increases while bank profits soar to new records each year.

Meanwhile, a bank-friendly Congress continues a massive rollback of critical laws that protect consumers, communities and taxpayers. 1994 legislation promoting interstate branching has contributed to the merger frenzy that is leading to more higher-cost, multi-state banks. In 1996, the Congress weakened the Truth in Savings Act and other consumer laws, making it harder for consumers to compare fees. This year, the House Banking Committee has already, narrowly, approved so-called Financial Modernization legislation that expands bank powers to sell insurance and investment products, without concomitant consumer safeguards. At the same time, the American Bankers Association has sent its member banks marching into the courts and state legislatures, attacking low-cost credit unions in the judicial and political arenas, since banks cannot win fairly in the marketplace.

NATIONAL FINDINGS -- THE 1997 PIRG BANK FEE SURVEY

State PIRGs and CFA members surveyed 419 banks in 30 states in 1997 and compared the results to PIRG's 1995 survey of 271 banks in 26 states. In 1997, we also surveyed 36 credit unions, as a comparison. The survey results are representative of the fees most consumers would pay, since the sample includes 134 of the country's 300 largest commercial and savings banks. Those 134 banks hold 45% of the nation's total deposits.[3]

• REGULAR CHECKING ACCOUNTS:

Meeting A Balance Requirement Avoids Fees

• **ANNUAL COST:** Nationally, in 1997, consumers paid an average of 15% more, or $27.95, to maintain a regular checking account at a big bank than at a small bank. The big bank fee gap increased 57% from 1995, when consumers paid 9% more, or $17.76, to bank at a big bank. In 1997, a big bank consumer paid $218.27 in annual account fees vs. small bank fees of $190.33. In 1995, big bank customers paid $211.74 and small bank customers paid $193.98.

• **BALANCE REQUIREMENTS:** Most banks (60%) now require a minimum balance to avoid paying fees. It is harder to meet a minimum than an average balance, used by only 15% of banks. The remaining 25% of banks allow consumers to meet either a minimum or average balance.

• **MINIMUM BALANCE:** The spread between big and small bank minimum balance requirements increased from only $7 in 1995 to $150 in 1997. The minimum balance required to avoid fees on regular checking accounts at big banks increased to an average of $642 in 1997, up by 14% from 1995 ($561). At small banks, the minimum to avoid fees declined by 11% from $554 to $492.

• **AVERAGE BALANCE:** The average balance required to avoid fees at both big and small banks declined very slightly from 1995 to 1997. At big banks, the balance declined to $1321 from $1348. At small banks, the balance declined from $1115 to $1007.

• **CREDIT UNIONS:** By comparison, the survey found the average annual regular checking account cost at credit unions to be only $108.65 in 1997, or less than 50% of the big bank cost.

• **MONTHLY MAINTENANCE FEES:** In 1997, the average monthly maintenance fee for big bank consumers who fail to meet a minimum balance is $7.65, up from $7.51 in 1995. Small bank consumers paid $6.90 in 1997, up from $6.80 in 1995.

• FREE CHECKING

• 64 banks (15%) of the 419 in the survey offer completely free checking accounts, with no fees and no restrictions, other than mandatory check truncation (no return of cancelled checks).[4]

• An additional 41 (10%) offer free checking with the regular direct deposit of a payroll, pension or government check.

• **CREDIT UNIONS:** By comparison, 39% of credit unions offer free checking with no restrictions and an additional 19% offer free checking with direct deposit.

• NOW ACCOUNTS:

Regular Checking Accounts That Earn Interest

Findings for NOW accounts were similar to checking accounts, although balances and fees were higher.

• **ANNUAL COST:** Nationally, in 1997, consumers paid an average of 14% more, or $27.70, to maintain a NOW interest bearing checking account at a big bank than at a small bank. The big bank fee gap increased 163% from 1995, when consumers paid 5% more, or $10.52, to bank at a big bank. In 1997, a big bank consumer paid $230.87 in annual NOW account fees vs. small bank fees of $203.17. In 1995, big bank customers paid $225.36 and small bank customers paid $214.84.

• **BALANCE REQUIRED TO AVOID FEES:**

-- **MINIMUM:** Minimum daily balance requirements to avoid fees for NOW accounts at big banks averaged $1252 in 1997, down slightly from $1281 in 1995. At small banks, minimum balance requirements in 1997 also declined, to $949 in 1997 from $1211 in 1995. The cost gap between big and small banks grew from $70 to $303.

-- **AVERAGE:** At banks using the average balance method, daily balance requirements to avoid fees for NOW accounts at big banks averaged $2613 in 1997, up slightly from $2598 in 1995. At small banks, average balance requirements in 1997 declined slightly, to $1741, from $1883 in 1997. The cost gap between big and small banks grew 22%, from $715 to $872.

• **MONTHLY MAINTENANCE FEES:** The average monthly NOW account maintenance fee increased slightly at big banks, to $8.86 in 1997 from $8.81 in 1995. At small banks, the fee decreased to $8.10 in 1997 from $8.53 in 1995.

• **CREDIT UNIONS:** In 1997, the NOW checking average annual cost index at credit unions was only $141.63, or only 63% of the cost at big banks. Minimum balance to avoid averaged $394, average balance to avoid averaged $563. The monthly fee averaged $4.23.

• NO FRILLS CHECKING:

Fee Charged Regardless of Balance, Limited Checkwriting

• The average annual cost to consumers to maintain a no-frills account at big banks rose 3% to $152.80 in 1997 from $148.33 in 1995. At small banks, the cost declined 4%, to $134.43 in 1997 from $139.68 in 1995. The cost gap between big and small banks increased 112%, to $18.37 in 1997 from $8.65 in 1995.

In addition,

• Consumers at big banks paid $3.73 on average, for monthly no-frills account maintenance fees in 1997, about the same, $3.71, as in 1995. At small banks, the monthly fee decreased slightly to $3.49 in 1997 from $3.60 in 1997.

• At both big and small banks, the number of checks included in the monthly fee decreased slightly, from 9.4 to 8.7 at big banks and 9.4 to 8.5 at small banks. Fees per check over the limit increased slightly at big banks to 60 cents each from 58 cents and decreased slightly at small banks to 46 cents from 55 cents.

• Further, particularly in New York, where the banks responded angrily to the 1994 enactment of mandatory low-cost lifeline banking legislation, some banks charge punitive fees on consumers who go over the check limit. These data are not included in the above averages, but it works like this:

Citibank, after 8 debits, and Chase and Bank of New York, after 10 debits, for example, convert their no-frills accounts to regular checking accounts, increasing the monthly fees from $4 or less to $9 or more. In addition, each bank charges 50 cents per check for all additional debits. Further, since debits are calculated when received by the bank, not when written by the consumer, a consumer must be very careful that checks clear within a statement period to avoid inadvertent penalties.

• SAVINGS ACCOUNTS

Lowest Cost Statement Savings Account

• **ANNUAL COST, EXCLUDING INTEREST:** The average annual cost index of maintaining a statement savings account with a $200 balance at big banks increased to $32.28 from $30.72 in 1995. At small banks, the cost decreased to $26.64 from $30.96. The gap between small and big banks increased to $5.64 from (0.24).

• **MONTHLY MAINTENANCE FEE:** Monthly maintenance fees for savings accounts at big banks averaged $2.69, up from $2.56 in 1995. At small banks, fees declined to $2.22 in 1997 from $2.58 in 1995.

• **CREDIT UNIONS:** Since so few credit unions charge maintenance fees on savings accounts, comparisons are not meaningful.

• ATM-ONLY ACCOUNT FEES

Extra fees for teller visits

In their efforts to discourage branch use, more banks are offering accounts that require use of ATM machines and charge a punitive fee for teller visits (although some allow 1-2 teller visits and provide more free telephone calls for these accounts). In 1997, PIRG examined ATM-only accounts and obtained the following findings:

• In 1997, 12% of banks offered an ATM-only account. Monthly maintenance fees averaged $2.98. Of these, 82% reported an additional $3.46 average fee for the first human teller visit each month.[5]

• BOUNCING CHECKS

Writing Checks Against Insufficient Funds

• Average fees for bouncing a check at big banks rose 7% to $20.91 in 1997 from $19.48 in 1995. At small banks, bounced check fees rose 7% to $20.35 from $18.98.

• DEPOSIT ITEM RETURNED (DIR)

Depositing Someone Else's Bad Check

• The fee an innocent victim is charged for depositing in his or her account someone else's check that then bounces (a DIR or Deposit Item Returned fee) at big banks increased to $4.87 from $4.19 in 1995. At small banks, the fee declined slightly, to $4.92 from $5.22 in 1995.

• ATM CARD FEES

• **OFF-US ATM TRANSACTIONS:** Fees charged to use regional networks (e.g., Most, MAC) at big banks increased 10% at big banks, to $1.19 from $1.08 in 1995. At small banks, off-us fees declined 5%, to $0.91 from $0.96 in 1995.

• **ATM SURCHARGES:** An increasing number of banks are imposing penalty double-dipping surcharges on non-customers who use their ATMS. An April 1997 PIRG report found that 45% of all ATMs charged a surcharge averaging $1.15 on non-customers using their ATMS. This fee is in addition to the off-us fees above. This report, based on analysis of fee brochures, does not update the April 1997 data, because no bank in the survey explained its surcharging policy in its brochures.

• OTHER MISCELLANEOUS FEES

This year, PIRG also looked at the incidence of two fast-growing fees.

• **EARLY ACCOUNT CLOSING FEES:** An increasing number of banks are charging consumers a fee to close an account that has been open less than one year. Such fees discriminate against college students and other transient persons. These fees are also designed to discourage shopping for better deals.

-- 147 banks charged early account closing fees averaging $12.56. The average number of months was 4.23. Of banks charging an early account closing fee, 2 banks charged a $50 fee for accounts closed within six months. Most of the banks, 64, charged a fee of $10 after either 3 or 6 months.

• **TELEPHONE CALL CENTER FEES:**•An increasing number of banks are charging consumers who call to make balance inquiries. In addition, banks that had installed computer call centers as a low-cost alternative to operator-assisted calls are now implementing fees to call the computer, despite the cost savings. The fees listed below are for inquiries only. Full check listings are generally extra, as are balance transfers.

-- 69 of 419 banks, or 16%, charged a fee to make a balance inquiry over the telephone. In 1997, PIRG found the following different fee structures among those 69 banks:

CALLS TO CALLING CENTERS				
Fee Structure	Cost to call Computer	Avg # Free Calls/ Month	Cost to call Operator	Avg # Free Calls/ Month
One Fee (30 banks)			$1.03	3.9
Free To Computer (14 Banks)	$0.00		$1.20	2.9
Fee For Either (25 Banks)	$0.56	5.9	$1.42	2.6

-- Six credit unions, or 16%, charged for computer calls. Four of the 6 charged an average of $1.06 with 3.25 free calls per month. One allowed unlimited free computer calls and charged $1 per operator inquiry. One charged $0.50 for each computer call over 30 each month and charged $2 for each operator-assisted call.

• MULTI-STATE BANKS CHARGE HIGHER FEES

One additional measure of the fee gap between large and small banks is to compare fees at local institutions to fees at multi-state institutions, which are generally larger. Our data correlate favorably with those in the Federal Reserve's recent fee report to Congress, which found that fees are "significantly higher" at multi-state institutions.[6]

The following table compares single-state and multi-state costs and fees for 1997.

COSTS TO CONSUMERS AT SINGLE AND MULTI-STATE BANKS--1997				
	SINGLE	MULTI	$ HIGHER	% HIGHER
REGULAR CHECKING ANNUAL COST INDEX	$ 188.33	$ 224.68	$ 36.35	19%
NOW CHECKING ANNUAL COST INDEX	$ 201.50	$ 236.91	$ 35.41	18%
NO FRILLS CHECKING ANNUAL COST INDEX	$ 133.45	$ 156.23	$ 22.78	17%
REG CHECK--MIN BALANCE AVOID	$ 527	$ 582	$ 55	10%
REG CK--AVG BAL TO AVOID	$1003	$1344	$ 341	34%
REG CK--MONTHLY FEE	$ 6.82	$ 7.82	$ 1.00	15%
NOW CHECK--MIN BALANCE AVOID	$ 977	$1204	$ 227	23%
NOW CK--AVG BAL TO AVOID	$1841	$2513	$ 672	37%
NOW CK--MONTHLY FEE	$ 7.89	$ 9.32	$ 1.43	18%
BOUNCED CHECK	$ 19.80	$ 22.11	$ 2.31	12%
ATM--OFF-US FEE	$ 0.89	$ 1.24	$ 0.35	39%
SAVINGS--MONTHLY FEE	$ 2.11	$ 2.98	$ 0.87	41%

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- **(3) Make more consumers pay more fees.**

-- Raise minimum balances to avoid fees and more people are paying more, instantly.

-- Eliminate services that had been bundled, and charge more for them: charge consumers to call you on the phone, charge consumers to receive their cancelled checks,[11] and charge consumers to use blank checking account deposit slips, or "counter items." Although we did not track this fee in this year's survey, we expect it to grow.

CHECK SAFEKEEPING: Of course, if you want your checks back, there is a charge, ranging between $1-5 each month. A growing number of banks offer "check imaging," or copies included with your statement, either at no cost or for a lower fee than getting your checks returned. Most banks provide a few copies of checks annually for free to those customers who have either elected or been given safekeeping. Some banks require safekeeping on all accounts; most require it on no-frills and free accounts.

BANKS ATTACK LOW-COST CREDIT UNIONS

As this survey shows, the best banking deal for consumers is not at the bank, it's at the credit union. These member-owned non-profit alternatives to commercial banks consistently beat the banks in the marketplace, as this survey shows. The banks have responded by ratcheting up their public relations campaign against credit unions a notch, filing anti-credit union bills in state legislatures, and winning a lower court lawsuit against the right of credit unions to have broad "fields of membership" and attract members from related groups.

That case is now under Supreme Court review and U.S. PIRG and CFA have filed an *amicus* brief in support of the credit unions. If the credit unions lose, not only do their member-customers lose, but all consumers lose. Although credit unions hold less than 2% of all deposits, they function as a competitive yardstick, holding rates charged by bigger banks down.[12]

BANKS AND OCC SEEK EXPANSION, OPPOSE LIFELINE BANKING

In the Congress, legislation that has already passed the House Banking Committee would grant sweeping new powers to banks to sell and underwrite uninsured deposit products, including insurance and investment products, without concomitant consumer protections. The bill would also expand bank holding company structures and allow mergers between banking and commercial firms.[13] Rep. Maxine Waters (D-CA), successfully authored an amendment requiring banks that take advantage of the proposed new structure to offer lifeline bank accounts. Both the ABA and the banks' friendly regulator, the Office of the Comptroller of

• STATE-BY-STATE ANALYSIS

We ranked the states based on a combination of their rankings for the four PIRG Annual Cost Indexes (Regular, NOW, No-Frills Checking and Savings Accounts), as well as rankings for the availability of free checking and the balances needed to avoid fees on checking and savings accounts. (ATM fees, bounced check fees and monthly maintenance fees are included in the cost indexes.)

• **LOW COST STATES:** Although consumers can find bargains in nearly every state, the lowest cost states to bank in were led by Montana, followed by Iowa, New Mexico, Vermont, Colorado, Washington State and Minnesota.

• **HIGH COST STATES:** The highest cost states were New Jersey, followed by Illinois, Louisiana, Florida, North Carolina, and Washington, DC.

BANK FEE INCREASE STRATEGY

Throughout the 1990s, banks have generated ever-increasing profits, setting a new record each of the last six years. In 1996, profits exceeded $50 billion for the first time. In the first quarter of 1997, profits exceed $14 billion for the first time. Fee income represents a growing proportion of non-interest-income, which, according to the FDIC, "provides a growing proportion of net operating revenue to banks." In the first quarter 1997, "higher fee income accounted for roughly half of the increase in noninterest income."[7] Fee income accrues disproportionately to big banks.

Banks' fee-generating strategies include three attacks on consumers' wallets:

• (1) Raise existing consumer account fees.

Reports by PIRG and other consumer groups document a pattern of fee increases exceeding inflation. The Federal Reserve Board's Annual Reports to Congress also show rising fees.[8]

• (2) Invent new fees.

From human teller fees to debit card transaction fees, banks are inventing new fees.[9] One area of rapid fee growth is now fees associated with ATMS, including not only the surcharge, but fees for obtaining ATM mini-statements. A second area is telephone balance inquiries. Originally, banks claimed that computer call centers would save them money, and urged consumers to call to check their balances. Now, banks such as Nationsbank, First Union and others are charging consumers who call not only human tellers but also computer call centers, fees ranging as high as $2. Nationsbank not only charges fees to call the computer, its software checks your PIN number, and queues your call to either the front or rear of the line depending on its analysis of your profitability.[10]

• FEE DISCLOSURES ARE COMPLICATED AND CONFUSING

To conduct this survey, PIRG and CFA volunteers visited or called banks to ask for all the brochures necessary to open a bank account. Most banks sent at least one brochure, but not every brochure was helpful, clear or complete.

The purpose of the 1991 Truth-in-Savings Act was to improve disclosures to consumers so that they can better compare financial services at different banks. Truth-In-Savings also explicitly prohibited certain onerous bank practices, such as the payment of interest on less than a customer's full balance and the use of the term "free" for checking and other accounts that require minimum balances or other conditions to avoid fees.

However, our survey of bank fee brochures reveals that comparisons are still difficult and additional remedial legislation may be necessary, despite the banks' concerted attempt to weaken Truth-In-Savings. Disclosure of terms of bank accounts differs dramatically. Many brochures appear designed to confuse, rather than assist, consumers. Some banks even place some account terms in one brochure, and other key terms in another, or even a third. Additionally, the language used in brochures to describe the same fee often varies from bank to bank.

• ATM/DEBIT CARD FEES AND RISKS TO CONSUMERS

When banks introduced ATM cards in the 1970s, their marketing plans resembled those of the nuclear power industry in the 1950s ("It'll be too cheap to meter."). Not surprisingly, once banks got consumers hooked on ATMs, the fees started racheting up. In addition to the fees tracked in this report, banks have developed various "mini-statement," "balance inquiry," "annual," "replacement card," "electronic insufficient funds," and other ATM fees.

Consumers now face the same situation as banks replace "plain old ATM cards," with enhanced debit cards that can be used either on-line (with a PIN) or off-line (with a signature). Plain old ATM cards can be used at Point of Sale (POS) with a PIN, but the real money is in off-line debit. Each month, banks ship more than a million new debit cards (they prefer the term "check" card) to consumers, branded either Mastercard or Visa. Debit systems, generally, offer tremendous benefits to both banks and merchants.

-- Banks avoid paper check transaction costs.
-- The risk of bounced checks is virtually eliminated (except in off-line systems).
-- Merchants gain rapid access to funds, as check floats are eliminated.

But the real money is in merchant fees. PIN-based transactions pay the bank a flat "merchant fee" of 6-12 cents. Off-line transactions pay up to 2% of the purchase, the same as credit cards do.

• DEBIT CARDS: A CONSUMER NIGHTMARE

Debit or "Check" cards are seen by banks as the fee Holy Grail. For many consumers, they are a nightmare. Banks don't tell you that a thief can steal your account number from a the Currency (OCC), have condemned this reasonable proposal.[14]

Actions by the OCC have hindered the ability of the states to regulate bank fees or enact low-cost checking accounts. In 1992, the OCC preempted (held that national banks do not need to comply with it) a New Jersey Lifeline Banking law, despite the absence of any federal law explicitly requiring banks to provide lifeline banking accounts. Despite a regulatory petition filed in 1995 to overturn that preemption, Comptroller Ludwig has taken no action to do so.[15] The existence of the preemption determination (OCC 92-572) has had a chilling effect on state legislative attempts to enact further lifeline laws or ban ATM surcharging.

The OCC's recent preemptive history suggests that it would preempt any state law banning ATM surcharging, despite the absence of any federal law regulating ATM fees.

• ATM SURCHARGING FUELS BIG BANK GROWTH

Banks argue that ATM surcharges are needed to cover the cost of remote ATMs. They claim that ATM growth is being spurred by ATM surcharges. Hearings[16] by Senator Al D'Amato (R-NY), Chairman of the Senate Banking Committee, have in fact pointed out that ATM surcharging is part of the big banks' anti-competitive strategy to squeeze out smaller banks and credit unions by encouraging their customers to switch their accounts to banks with larger ATM networks.[17] When confronted with the argument that, in fact, banks are surcharging at branches as well as in casinos and at ski areas, banks reply that, "consumers should pay for convenience" and "consumers have a choice between ATMs that surcharge and those that do not."

The real question of choice in the marketplace is not between surcharge and no-surcharge ATMs. It is between high-cost and low-cost banks and credit unions. If surcharging helps the big banks get bigger, all consumers lose, since big banks have higher fees. When only big banks are left, consumers will have no choice, except to pay higher fees, whether or not they want the "convenience."

Already, one big bank, Banc One, has begun charging its own customers to use its own ATMs.[18] As the big banks use the surcharge to gain market share, expect others to follow.

Congress should immediately ban the anti-consumer, anti-competitive, pro-big bank, ATM surcharge. Already, two states, Connecticut and Iowa, have done so by Banking Commissioner regulation.

• BANK FEES VERSUS COSTS

Past studies have found that bank fees exceed costs and that fees are being increased faster than costs have risen. Fees for bounced checks are 7.5 times the banks' administrative costs and fraud losses.[19] In some cases, banks have racheted up fees even when costs have decreased.[20] ATMs save banks billions of dollars in teller and branch costs.[21] However, as the current study shows, banks continue to increase ATM fees.

copies per year, in case of audits or disputes with creditors. Imaging, which provides a statement with photocopies of your checks, is an in-between cost alternative.

Despite all of our recommendations, big banks may still make sense for some consumers because of their multi-state ATM networks. For now, most big banks generally allow free ATM use across state lines, although that may be changing, as Banc One has done.

3) Beware of NOW accounts. If you cannot maintain high minimum balances, stay away from NOW accounts. The high fees on NOW accounts may cost you more than it's worth to earn the low interest on your balance.

4) Explore no-frills checking options. If you write few checks each month, look at no-frills flat fee checking accounts. However, watch out for no-frills accounts with punitive over-the-check-limit and bounced check fees for no-frills accounts.

RECOMMENDATIONS FOR CONGRESS

1) Enact Basic Lifeline Banking Laws.

All banks should be required by federal law to offer one low-cost account for consumers who write few checks per month and to provide governmental check-cashing for non-accountholders.

2) Create Financial Consumers Associations (FCA).

The largest consumer group in Illinois is its Citizen Utility Board, which fights utility rate increases and practices. Illinois CUB is a privately funded non-profit group, but an innovative state law allows it to insert its fundraising brochures directly into state motor vehicle and income tax mailings to citizens. This piggybacking lowers fundraising costs and is a legitimate role for government in addressing the failure of the marketplace to provide competition and protect consumers.

Financial Consumers Associations (FCAs) would take the CUB model to the financial services marketplace. Inserts in the account statements of federally insured financial institutions would provide a similar funding mechanism. If FCAs could be established, they could conduct many financial products surveys and put competitive pressure on banks and other providers to do a better job. The Internet offers an outstanding opportunity for an FCA to offer consumer shopping guides to financial services.[24]

3) Impose account rate caps, improve disclosures and eliminate other fees.

In return for guaranteeing the safety of deposits and the liquidity of the financial system, the federal government imposes modest public interest burdens on the banking industry. It's time to reform those laws, not roll them back.

restaurant account slip, then take all the money out of your account without your card. Plain old ATM cards require a PIN, these do not. Unlike a credit card, where your liability is $50, debit card liability can go as high as $500 or more. Worse, you're not arguing about whether you owe the money, you're fighting with the bank to get your own money back. Meanwhile, your other checks may be bouncing, subjecting you to bounced check fees and more.[22] Contact PIRG for a copy of our fact sheet: "If your ATM card is a debit card, watch out."

• CONCLUSION

In our view, the rise in fees and the increasing complexity of the fee system have created a burdensome and consumer-unfriendly banking system that places huge costs on the middle class and prices lower-income people out of the federally-insured banking market. For these consumers, the only alternative may be even higher-priced check cashing stores. Profits from rising bank fees accrue unfavorably to big banks, which fuels their anti-competitive growth. Ultimately, all consumers face higher bank fees as the big, fee-gouging banks get bigger.

The future holds many concerns. The rapid rise in electronic banking -- computer home banking, smart cards, and Internet commerce -- offers opportunities for banks to lower costs. Will they pass those savings on to consumers? Watch for future PIRG reports.

RECOMMENDATIONS FOR CONSUMERS

1) Bank at a credit union, not at a bank, if you qualify. Else, look at smaller, community banks.

2) Shop for financial services. This should be an ongoing process because banks are constantly changing their fee structures. See our brochure -- "Consumers: Shop Around For Banks."[23]

Compare the costs of your accounts to those of other banks in your area. Know what types of transactions you regularly make and evaluate accounts with your needs as a yardstick. You may find a better deal at a different bank.

-- If you can't find "totally-free checking," look for banks that offer free or low cost checking with a "linked" or "relationship" balance in another account. Linking accounts is a cheaper way to avoid bounced check fees than paying a monthly fee for the various forms of "bounced check protection" banks now offer.

-- Look for banks that offer free checking with direct deposit, if you qualify for it. Other banks offer a discount of $1-3.

-- Consider check safekeeping or check imaging. Banks are increasingly making check "safekeeping," the default, and charging $1-4 extra to return cancelled checks. If you do choose check safekeeping, be sure that the bank provides a certain number of free check

FOOTNOTES

1. See **Banks Think Fees, Not Free: The 1995 PIRG Bank Fee Survey of 271 Banks In 26 States,** by U.S. PIRG and Janice Shields, August 1995, and **Crushing Consumers: The 1993 PIRG/CFA National Survey of 300 Banks In 23 States**, jointly written by U.S. PIRG, the Consumer Federation of America and Janice Shields, Ph.D.

2. Our results are similar to data from numerous government, consultant and industry data on bank costs and fees for consumer deposit accounts. See discussion below (Footnote 6) of Federal Reserve studies. The author talks on a regular basis to investigative reporters who conduct their own local surveys, also confirming our results. For recent comprehensive surveys, see "Mean Machines," Akron Beacon Journal, 19 May 1997, by Maura McEnaney, p. D1 and "Fatter Fees," the Pittsburgh Post Gazette, 1 June 1997, by Patricia Sabatini, page C1.

3. See Methodology, below.

4. We included banks that offer free checking for at least one year on new accounts. We did not include banks that charged extra for ATM cards or made ATM cards unavailable on free checking accounts.

5. Some banks charged a fee for each teller fee, others increased the monthly fee by a fixed amount for one or more teller visits. We did not differentiate.

6. "Annual Report To The Congress on Retail Fees and Services of Depository Institutions," Federal Reserve Board of Governors, June 1997, Submitted pursuant to Section 1002 of the 1991 Savings and Loan Bailout Act (FIRREA), as amended. Reporters who receive numerous regular press releases from the Fed, as PIRG does, may ask the Fed why no press release is issued pertaining to this report. These reports (1992-97) provide independent verification of PIRG's findings that bank fees have been rising dramatically throughout the 1990s. These reports are purposely designed to elucidate as little as possible and consist only of a sample, with no bank names or individual bank data disclosed. In the early 1980s, the Congress required a one-time bank fee study that had the potential to help consumers comparison shop for accounts. It would be useful, with all the data collected by the fed and other agencies, to consider requiring a more detailed, shoppers guide to bank fees to be published.

7. "Commercial Bank Performance, First Quarter Report," Federal Deposit Insurance Corporation (FDIC), and accompanying press release (PR-42-97), 17 June 1996. Data available at "www.fdic.gov"

8. See footnote 6 under "multi-state" banks above.

9. The industry trade paper *Fee Income Report* tracks bank fees and bank fee strategies. Its 1990 survey identified 96 different types of fees; in 1994, that total had increased to 250.

10. See "Bank will rank callers' worth,", by Bob Trigaux, Page 1, St. Petersburg Times, 25 April 1997.

11. A few states, such as Massachusetts, have not enacted industry supported changes to the Uniform Commercial Code that allow banks to "truncate" or "retain your cancelled checks for safekeeping at no charge to you."

12. National Credit Union Administration and Credit Union National Association vs. First National Bank and Trust Company et al, Cases 96-843 and 96-847, October Term, 1996. See pgs. 12-15 of the Brief of Consumer Federation of America and U.S. PIRG, May 1997, for a detailed discussion of the economic benefits of credit unions.

13. The bill would also overturn 1934 legislation separating banking and commercial firms. That provision has been strongly opposed by both Ralph Nader and former Federal Reserve Board Chairman Paul Volcker because allowing industrial firms to own banks not only poses grave risks to the insurance safety net but could also lead to misallocation of credit. Even current Fed Chairman Alan Greenspan contends the bill goes too far.

• Unjustified fees, such as the ATM surcharge, deposit-item-returned fees and human teller fees, should be outlawed.

• Fee disclosures should be standardized. Just as the Fair Credit and Charge Card Act of 1988 requires all key credit card disclosures to be made in a standard easy-to-read box format, banks should provide deposit account disclosures in the same way. Those brochures should be easily available to prospective customers, not only accountholders.

(4) Oppose all attempts to roll back existing laws that protect consumers and taxpayers and ensure that if modernization legislation is enacted, safeguards are imposed.

Banks have a sorry history of misleading consumers about whether or not non-deposit investment products are insured by the FDIC (they are not). Banks have also grown fat selling unnecessary over-priced credit life insurance to loan consumers. If bank powers are broadened and walls between banking and commerce lowered, strong consumer, depositor and taxpayer protections must be enacted. Current consumer laws must not be weakened.

• METHODOLOGY:

We obtained the data for the survey from the fee brochures of 419 banks from 30 states with PIRG or CFA affiliates. We used data obtained from the FDIC's web site (www.fdic.gov), to calculate percentages of total deposits as of 30 December 1996. According to the FDIC data, the nation's 300 largest banks hold nearly two-thirds (65%) of total deposits of $3.7 trillion. The country's remaining 11,543 banks hold the rest. We didn't code the deposits of the smaller banks in the sample.

LOWEST COST ACCOUNTS IN EACH CLASS AVAILABLE WITHOUT RESTRICTION

Banks offer many more accounts than we surveyed. We sought to report on the lowest cost accounts in each class (regular checking, NOW, no-frills checking and statement savings) that were available to any customer, without income (means tests) or age restrictions. At many banks, you may pay higher fees. This year, we also looked at ATM-only accounts, offered by a growing number of banks.

CALCULATION OF ANNUAL ACCOUNT COSTS:

We determined the amount that an average consumer who fails to meet minimum balances might pay in annual fees in the following way: Costs of regular, NOW and no-frills checking accounts included monthly maintenance fees, per check fees for checks cashed above the maximum number allowed free per month, 25 regional and 5 national network ATM transactions, and one bounced check and one deposit item returned per year. The average number of checks cashed and the average number of "off-us" ATM transactions per account were obtained from published banking industry surveys. The cost of savings accounts included only a monthly maintenance fee. This survey's monthly maintenance fee calculations assume that consumers checks are returned, even if an extra charge is assessed. Some banks require safekeeping on some, or all, accounts.

BIG BANKS, BIGGER FEES:
The 1997 PIRG BANK FEE SURVEY

KEY TO CHARTS

Big Banks/Small Banks (TOP 300 Rank): We downloaded from the Federal Deposit Insurance Corporation (FDIC) the most recent available ranking (31 December 1996) of the nation's largest banks and thrifts by deposit size and coded survey banks by Top 300 by deposits. All other institutions surveyed were considered small banks. 36 member owned non-profit credit unions (CU in Bankname) were also surveyed for comparison purposes.

CALCULATION OF PIRG ANNUAL COST INDEXES: We presume that all consumers fail to meet minimum balances to avoid fees, make 25 off-us and 5 national ATM withdrawals each year, bounce one check, and receive one deposit item returned. Based on industry data, we presume that regular checking customers pay for 16.3, NOW customers 15.8 and No-Frills customers 6.5, checks and other debits each month. Your costs may vary and you could avoid fees by meeting minimum balances.

ACCOUNTS: We selected the lowest cost account in each category available to any consumer, regardless of age, income or other restriction.

NATIONAL RANKINGS: ALL STATES: We ranked the states from best to worst for the 4 annual cost indexes, availability of free checking, and key balance requirements in the survey (ATM and penalty fees are included in the indexes). We then combined the rankings to get an aggregate ranking, then ranked the states. A perfect ranking would be 12 (1 point * 12 categories). This comparison is a guide. Consumers can find bargains in nearly every state.

Bank By Bank Pages: Page 1 . . . .

• **Savings Accounts:** Average balance to avoid monthly fee (banks may charge additional excess transaction fees).

• **FREE CHECKING (FR CK):**
  - Y=Free checking, with no restrictions.
  - D=Free checking with direct deposit.
  - X=Free checking with no ATM card allowed.
  - Z=Free checking with extra ATM or other fees.

• **REGULAR AND NOW CHECKING: MIN OR AVG:** Some banks use a **minimum (M)** balance method, others an average **(A)** balance method. Some allow **either (E). Monthly fee** presumes no checks returned. **FEE/CK** is per **debit** charge after **#FR CKS**, if any, exceeded. Debits generally include ATM withdrawals and checks.

-- over --

14. See Memorandum of OCC Chief Counsel Julie Williams to OCC Comptroller Gene Ludwig of 24 June 1997, discussing problems with the bill, now called the Financial Services Competition Act. The memo lists, under the heading, "Banks and Bank Holding Companies Subject To New And Unequal Regulatory Burdens:" [that include being] "required to provide 'lifeline' banking services."

15. In response to the 1995 petition, the OCC did in 1996 meet the minimum requirements of the 1994 Riegle-Neal Act by issuing a Federal Register Notice (Docket #96-01) to obtain comments on overturning the rule, but has done nothing since, other than invite U.S. PIRG's Ed Mierzwinski and other consumer and community leaders to a small luncheon in April to discuss the plight of the nation's 12 million unbanked families.

No regulatory policy of either the OCC, the FDIC or the Federal Reserve Board or any other agency explicitly requires financial institutions to provide any account or service in conflict with the New Jersey Checking Account law. In the absence of conflicting federal law, it has long been the federal tradition of this country that the states proceed to protect their consumers, as New Jersey has correctly done. Over 700,000 New Jersey consumers have obtained New Jersey Checking Accounts.

Congress, in a strongly worded statement, has specifically condemned the OCC's 1992 action as an overzealous and "inappropriately aggressive" over-reach of regulatory authority. (Conference Report, Riegle-Neal Interstate Banking Efficiency Act of 1994, H.R. 3841, Report # HR 103-651, 2 Aug 1994 at 53.)

16. See Sen. Hrg. 104-740, 12 July 1996 for opposition by small banks and credit unions to ATM surcharging. See report of the U.S. General Accounting Office, "ATMS: Banks Report That Use of Surcharge Fees Has Increased," released at Senate Banking Hearing of 11 June 1997 for another report on ATM surcharging documenting the PIRG findings of 1 April 97. Sen. D'Amato has re-introduced legislation, S. 885, to ban the ATM surcharge. A similar bill, H.R. 795 has been filed by Rep. Bernie Sanders (I-VT).

17. See "ATM Surcharges: Panacea or Pandora's Box," by David Balto, Page 169, The Review of Banking and Financial Services, 9 October 1996, for a detailed discussion of surcharging issues. Balto suggests that banks that dominate a market, such as in Minnesota, may already be using practices, such as refusing to link to the small bank's ATM network, that "make it increasingly difficult for the small banks to offer adequate ATM access to their depositors and effectively compete with large banks for retail deposits." (at 174)

18. Banc One banks will charge $1.50 to non-customers and $1.00 to customers, who use new ATM machines at non-bank locations. See "Cash Machine Use To Cost Banc One Customers," Patricia Lamiell, Associated Press, 21 May 1997, Boulder Daily Camera and other papers nationally.

19. "Bounced Check Fees 7.5 Times Banks' Costs," Center for Study of Responsive Law, December 1994

20. "Bank Cost Analysis," Janice Shields, April 1993

21. "Banks Generate More than $2.1 Billion in Profits from ATM Transactions in 1994," Center for Study of Responsive Law, June 1995

22. See "Handy? Certainly, But Debit Cards Also Have Potential Risks," David Morrow, New York Times, Page 1, 13 July 1997.

23. Get it by e-mail -- Send mail to "watchdog@pirg.org" with the subject line "bank"

24. Consumers don't have the information necessary to compare bank costs. That's a marketplace failure. New York State Governor George Pataki recently announced that the state would address this marketplace failure by posting credit card, home equity and auto loan rates on the state's web site. See "Banks Making Fortune From ATM Surcharges," by Robert Heady, Denver Post 6 April 1997.

PIRG 1997 BANK FEE SURVEY -- ALL STATES

Ranked from low-cost (MT) to high-cost (NJ)

		PIRG ANNUAL COST INDEX								FREE CHECKING					
ST	#BANKS	REGCK	RK	NOW	RK	NO-FRILLS	RK	SAVINGS	RK	#FR	RK	#DD	RK	%FR+DD	RK
MT	10	$152.97	3	$175.51	4	$111.13	4	$24.00	9	3	10	2	5	50%	3
IA	9	$153.06	4	$175.15	3	$124.44	8	$28.76	16	2	12	3	3	56%	1
NM	14	$130.72	2	$186.19	10	$137.20	16	$20.18	6	5	3	1	10	43%	5
VT	5	$166.77	7	$177.87	5	$96.75	1	$19.20	4	0	30	1	10	20%	16
CO	22	$197.53	15	$200.45	14	$130.57	12	$23.43	7	4	6	2	5	27%	11
WA	11	$157.11	5	$181.33	6	$128.79	10	$18.82	3	3	10	1	10	36%	7
MN	17	$169.02	8	$199.73	13	$140.79	18	$29.25	18	5	3	1	10	35%	8
OR	11	$182.34	11	$156.69	1	$106.69	3	$24.00	8	2	12	1	10	27%	11
WI	18	$187.70	12	$198.03	12	$136.49	15	$29.29	19	4	6	2	5	33%	9
MA	43	$206.16	21	$185.04	8	$139.12	17	$19.46	5	5	3	8	1	30%	10
OH	5	$194.52	13	$207.34	16	$141.46	19	$15.99	2	2	12		30	40%	6
DE	10	$181.44	10	$185.36	9	$113.88	5	$26.67	12	1	15		30	10%	23
MD	21	$226.52	27	$240.47	26	$172.02	30	$37.00	24	8	1	3	3	52%	2
CT	10	$200.57	17	$203.28	15	$125.95	9	$24.00	10	1	15	1	10	20%	16
IN	5	$126.53	1	$172.11	2	$103.08	2	$6.00	1	0	30		30	0%	30
PA	23	$174.75	9	$197.45	11	$120.60	7	$27.40	13	1	15		30	4%	26
CA	18	$195.20	14	$213.50	19	$135.10	14	$27.89	15	4	6	5	2	50%	3
ME	5	$207.96	22	$210.96	18	$146.28	21	$28.80	17	0	30	1	10	20%	16
TX	34	$197.70	16	$222.35	21	$130.42	11	$29.41	20	6	2	1	10	21%	15
VA	9	$230.61	28	$242.76	27	$160.95	26	$29.77	21	1	15	1	10	22%	14
MI	8	$217.67	24	$228.87	23	$143.27	20	$25.50	11	1	15	1	10	25%	13
GA	12	$200.69	18	$207.76	17	$152.03	24	$39.27	28	1	15		30	8%	25
NY	30	$200.98	19	$213.97	20	$133.22	13	$27.67	14	4	6		30	13%	22
AZ	5	$159.48	6	$224.01	22	$150.63	22	$30.00	22	0	30	1	10	20%	16
DC	10	$225.24	26	$228.99	24	$164.09	27	$47.88	29	1	15	1	10	20%	16
NC	8	$225.23	25	$235.13	25	$165.77	28	$39.00	27	0	30		30	0%	30
FL	23	$216.20	23	$247.62	28	$154.59	25	$37.36	25	0	30	2	5	9%	24
LA	6	$203.48	20	$182.15	7	$114.68	6	$35.96	23	0	30		30	0%	30
IL	11	$232.93	29	$272.56	30	$168.17	29	$37.82	26	0	30	2	5	18%	21
NJ	6	$234.91	30	$261.11	29	$151.63	23	$48.00	30	0	30		30	0%	30
	NATIONAL AVERAGES - LARGE AND SMALL BANKS 1997 AND 1995, CREDIT UNIONS 1997														
97-BIG BANKS		$218.27		$230.87		$152.80		$32.28		NO DATA					
97-SMALL BKS		$190.33		$203.17		$134.43		$26.64		NO DATA					
95-BIG BANKS		$211.74		$225.36		$148.33		$30.72		NO DATA					
95-SMALL BKS		$193.98		$214.84		$139.68		$30.96		NO DATA					
97-Credit Unions		$108.65		$141.63		$103.31		$2.76		NO DATA					

SEE KEY FOR EXPLANATION OF FEES, AND RANKING. STATES ARE RANKED BASED ON COMBINATION OF RANKS FOR CATEGORIES MARKED RK. LOW RK IS BEST.

BIG BANKS, BIGGER FEES:
The 1997 PIRG BANK FEE SURVEY

KEY TO CHARTS -- PAGE 2

Page 2 . . . .

- **NO-FRILLS CHECKING:** Generally imposes fee regardless of balance but restricts number of checks severely, then fee per check. **FEE ALWAYS:** Y-Fee always. **YN**-means no-frills is a NOW account. N-fee only imposed after check limit. **FEE/CK:** Same as Reg and NOW.

Page 3 . . . .

- **ATM ONLY ACCOUNT:** Monthly fee for an ATM only account, plus the fee for the first **(TELLR FEE)** teller visit.
- **ATM CARDS: REPLACE:** Lost card fee. **ANNUAL:** Fee for card. **On-Us fee:** Fee to use banks' own machines. **#Free:** Transactions free each month. **Off-us fee:** Fee to use local network ATM machines. **NTL Off-us:** Fee for Plus or Cirrus, if higher. **DEBITCD:** Annual fee for branded "Visa" or "Mastercard" ATM Debit or Check card that can be used without a PIN number.

Page 4: . . . .

- **BOUNCE CHECK:** Write a check that bounces.
- **DIR:** Deposit Item Returned, deposit a check that bounces.
- **STOP PAY:** Stop Payment.
- **TELEPHONE INQUIRIES:** Fees to call to check balances and number of free calls/month. Check lists, transfer, etc. will be extra. Bank may list separate fees for automated **(CALL COMPUTER)** or non-automated **(CALL OPERATOR)**.
- **CLOSE ACCOUNT EARLY: FEE** and number of **MONTHS** punitive Early Account Closing Fee is charged.
- **TOP 300:** Rank, FDIC Top 300, by deposits, 31 December 1997.
- **KEY:** Describes most common additional features (good and bad) of accounts.
  - **F:** Some accounts include more free ATM transactions.
  - **M:** Meet minimum balance, get more free ATM transactions.
  - **P:** No-frills account has additional punitive excess checks fee.
  - **L:** Some accounts, fewer free ATM transactions.
  - **X:** Alternate ATM pricing available, annual fee waives off-us fees.
  - **T:** Tiered balance requirement. Lower balance, higher monthly fee.
  - **B:** On-us fee only at remote ATMs, not branches.

PIRG'S 1997 BANK FEE SURVEY: State by state

			SAVINGS ACCTS			REGULAR CHECKING						
			BAL TO		FR	MIN	MIN	MIN	AVG	MTHLY	#FR	FEE/
ST	BANK	CITY	AVOID	FEE	CK	OPEN	AVG	BAL	BAL	FEE	CKS	CK
MA	PEOPLES	HOLYOKE	$100	$3.00								
MA	PNC BANK	BOSTON	$250	$2.00								
MA	ROCKLAND TRUS	ROCKLANI	$200	$3.00		$20	M	$700		$7.00		
MA	SALEM FIVE CENT	SALEM	$250	$2.00								
MA	SANDWICH COOP	HYANNIS	$400	$2.00		$50	M	$750		$5.00	0	$0.30
MA	SOMERSET	SOMERVILLE			D		A		$500	$10.00		
MA	SPRINGFIELD INS	AMHERST		$0.00	Y	$10						
MA	STATE STREET	BOSTON	$750	$2.00		$50	A		$1,500	$4.00	0	$0.40
MA	USTRUST	BOSTON		$0.00	Y							
MA	WAINWRIGHT	CAMBRIDC	$250	$2.50	D	$250	M	$500		$3.00	0	$0.25
MA	WESTFIELD	WESTFIELD										

PIRG 1997 BANK FEE SURVEY – ALL STATES

Ranked from low-cost (MT) to high-cost (NJ)

	AVERAGE BALANCES TO AVOID FEES										PENALTY FEES			ATM	
ST	SAVINGS	RK	REGMIN	RK	REGAVG	RK	NOWMIN	RK	NOWAVG	RK	BOUNCED	DIR	STOPPAY	OFF-US	TOTALS
MT	$200	14	$220	1	$0	1	$670	4	$0	4	$15.15	$2.22	$13.20	$1.06	62
IA	$172	9	$314	3	$583	3	$625	2	$1,250	3	$19.06	$3.85	$17.54	$0.80	67
NM	$127	2	$511	15	$0	15	$677	5	$0	5	$20.10	$2.41	$18.36	$1.04	94
VT	$130	3	$500	14	$483	1	$700	6	$750	2	$20.60	$1.75	$17.60	$1.16	99
CO	$161	4	$315	4	$0	4	$776	8	$2,000	11	$18.97	$4.14	$19.08	$0.93	101
WA	$191	13	$320	5	$0	5	$909	13	$2,250	15	$17.18	$4.21	$15.11	$0.78	102
MN	$239	19	$239	2	$0	2	$654	3	$750	1	$19.56	$3.56	$19.00	$1.23	105
OR	$163	5	$413	8	$0	8	$1,125	18	$0	18	$17.64	$2.75	$15.64	$1.07	113
WI	$184	11	$430	9	$1,208	17	$809	9	$1,786	8	$19.75	$6.86	$17.47	$0.45	132
MA	$278	23	$644	23	$833	6	$1,084	17	$1,604	7	$18.65	$5.96	$15.99	$0.92	141
OH	$167	8	$433	10	$500	2	$1,125	19	$2,500	18	$22.50	$6.19	$19.25	$0.88	155
DE	$163	6	$333	6	$775	5	$858	12	$2,660	23	$22.25	$4.17	$13.88	$0.31	156
MD	$187	12	$486	12	$1,111	11	$773	7	$1,500	5	$25.60	$5.11	$22.38	$1.21	160
CT	$264	21	$760	27	$650	4	$1,343	23	$1,375	4	$21.56	$7.00	$16.67	$1.00	171
IN	$75	1	$525	18	$1,200	16	$1,040	15	$3,000	25	$20.40	$3.75	$15.50	$1.13	171
PA	$164	7	$397	7	$1,258	18	$994	14	$2,594	20	$24.55	$4.95	$18.55	$0.64	177
CA	$275	22	$687	25	$1,750	21	$1,500	27	$2,750	24	$13.62	$4.68	$11.35	$1.29	192
ME	$300	25	$670	24	$1,000	7	$850	10	$1,500	6	$20.80	$4.50	$15.90	$1.33	206
TX	$284	24	$711	26	$1,781	22	$1,138	20	$2,600	21	$20.69	$3.56	$20.04	$1.03	208
VA	$217	15	$543	20	$1,114	12	$875	11	$1,929	10	$27.13	$4.19	$25.13	$1.25	209
MI	$243	20	$521	17	$1,200	15	$1,571	28	$2,625	22	$21.67	$4.70	$21.33	$1.13	218
GA	$175	10	$514	16	$1,056	8	$1,075	16	$2,156	14	$24.38	$3.57	$23.71	$0.93	221
NY	$335	27	$1,155	30	$1,103	10	$1,364	24	$2,365	17	$15.08	$8.20	$13.27	$0.96	232
AZ	$225	16	$550	21	$0	21	$1,500	26	$0	26	$18.00	$2.13	$15.25	$1.50	238
DC	$360	30	$525	19	$1,117	13	$1,281	22	$2,000	12	$26.38	$5.19	$24.38	$1.28	243
NC	$238	18	$469	11	$1,179	14	$613	1	$1,929	9	$23.67	$3.83	$19.43	$1.29	248
FL	$326	26	$641	22	$1,362	19	$1,450	25	$2,357	16	$25.84	$5.61	$25.22	$1.18	268
LA	$233	17	$800	28	$2,000	23	$1,875	30	$5,000	26	$22.67	$3.25	$22.67	$1.21	270
IL	$336	28	$488	13	$1,400	20	$1,157	21	$2,500	19	$20.70	$6.07	$19.70	$1.25	271
NJ	$350	29	$867	29	$1,067	9	$1,667	29	$2,083	13	$28.33	$9.33	$15.67	$1.06	311
		NATIONAL AVERAGES - LARGE AND SMALL BANKS 1997 AND 1995, CREDIT UNIONS 1997													
97-BIG BANKS	$275		$642		$1,321		$1,252		$2,613		$20.91	$4.87	$18.43	$1.19	
97-SMALL BKS	$220		$492		$1,007		$949		$1,741		$20.35	$4.92	$18.04	$0.91	
95-BIG BANKS	$269		$561		$1,348		$1,281		$2,598		$19.48	$4.19		$1.08	
95-SMALL BKS	$240		$554		$1,115		$1,211		$1,883		$18.98	$5.22		$0.96	
97-Credit Unions	$59		$250		$500		$394		$563		$16.09	$6.56	$11.92	$0.87	

SEE KEY FOR EXPLANATION OF FEES, AND RANKING. STATES ARE RANKED BASED ON COMBINATION OF RANKS FOR CATEGORIES MARKED RK. LOW RK IS BEST.

PIRG'S 1997 BANK FEE SURVEY: State by state

		NOW INTEREST BEARING CHECKING ACCTS							NO-FRILLS CHECKING				
		MIN	MIN	MIN	AVG	MTHLY	#FR	FEE/	MIN	FEE	MTHLY	#FR	FEE/
ST	BANK	OPEN	AVG	BAL	BAL	FEE	CKS	CK	OPEN	WAYS	FEE	CKS	CK
MA	BROCKTON CU												
MA	CRESCENT CU	$25	M	$250		$4.00	0	$0.10	25	YN	$3.00		
MA	FIRST CITIZENS F								25	YN	$5.00		
MA	LEOMINSTER CU	$200	M	$200		$5.00				YN	$0.00	12	$0.50
MA	METROPOLITAN C	$25	M	$500		$8.00							
MA	ROCKLAND FCU		A		$500	$4.00	25	$0.20		Y	$1.00	0	$0.20
MA	ABINGTON SB		M	$500		$6.00							
MA	ANDOVER	$25	M	$1,000		$8.00			10	Y	$2.50	6	$1.00
MA	ATLANTIC	$500	A		$2,500	$10.00	0	$0.40					
MA	BANK OF WESTEF		A		$1,000	$5.00	0	$0.35					
MA	BANKBOSTON	$25	M	$5,000		$10.00				Y	$2.50	14	$0.75
MA	BBOC		M	$1,000		$8.00	0	$0.25	100	Y	$5.00	0	$0.25
MA	BOSTON FEDERAI	$50	M	$500		$6.00			50	YN	$0.00	0	$0.20
MA	BOSTON PRIVATE	$50	A		$2,500	$8.00							
MA	BOSTON SAFE DE	$1,500	E	$1,000	$2,000	$8.00				Y	$3.00	8	$0.75
MA	CAMBRIDGE TRUS		M	$1,000		$6.00	0	$0.45					
MA	CAPE COD 5 CEN	$25	A		$1,000	$5.00							
MA	CCB&T	$100	M	$1,500		$12.00				Y	$5.00	10	$0.65
MA	CENTRAL BANK	$200	M	$200		$5.00			10	N		10	$0.50
MA	CENTURY	$750	A		$750	$5.00	0	$0.30	100	Y	$5.00		
MA	CITIZENS BANK								25	Y	$2.50	12	$1.00
MA	COMPASS	$10	M	$1,000		$4.00	25	$0.25	10	Y	$2.00	10	$0.30
MA	COUNTRY BANK	$1	M	$500		$5.00	0	$0.20					
MA	DEDHAM SAVINGS	$700	M	$700		$2.00	0	$0.25		Y	$3.00	8	$1.00
MA	EAST BOSTON SB	$100	M	$500		$5.00	20	$0.25	50	Y	$3.00		
MA	EAST CAMBRIDGE		M	$600		$4.00	0	$0.30		Y	$3.00	9	$1.00
MA	EASTERN	$50	M	$1,000		$5.00	0	$0.35	10	Y	$2.50	10	$1.00
MA	FIRST MASSACHU	$50	A		$1,500	$6.00	0	$0.40	50	Y	$2.50	10	$0.75
MA	FLEET	$50	M	$1,500		$7.00	0	$0.40	10	Y	$2.50	8	$1.00
MA	HIBERNIA SB		M	$1,000		$6.00	20	$0.25					
MA	LEXINGTON SAVII	$10	A		$1,000	$10.00				N	$10.00	10	
MA	LIBERTY	$100	M	$2,000		$6.00	0	$0.35					
MA	LOWELL FIVE CEI		M	$1,000		$1.00	0	$0.25					
MA	MASSBANK	$100	M	$1,000		$8.00	30	$0.50		Y	$5.00	15	$0.25
MA	MEDFORDBANK		M	$1,000		$5.00	0	$0.25		Y	$3.00	10	$0.25
MA	METROWEST		M	$1,000		$5.00	0	$0.30					
MA	MIDDLESEX	$20	A		$1,000	$5.00	0	$0.15	20	Y	$3.00	10	$0.50
MA	NORTHAMPTON B		M	$500		$5.00							

Chart 2

PIRG'S 1997 BANK FEE SURVEY: State by state

			SAVINGS ACCTS			REGULAR CHECKING						
ST	BANK	CITY	BAL TO AVOID	FEE	FR CK	MIN OPEN	MIN AVG	MIN BAL	AVG BAL	MTHLY FEE	#FR CKS	FEE/ CK
MA	BROCKTON CU	BROCKTON		$0.00	Y							
MA	CRESCENT CU	BROCKTO	$100	$1.00	D							
MA	FIRST CITIZENS F	NEW BEDFORD		$0.00	D							
MA	LEOMINSTER CU	LEOMINSTER			D							
MA	METROPOLITAN C	CHELSEA	$100	$1.00	D							
MA	ROCKLAND FCU	ROCKLAND		$0.00	D		A		$500	$8.00		
MA	ABINGTON SB	ABINGTON		$0.00	XD	$50						
MA	ANDOVER	ANDOVER	$200	$1.00		$25	M	$500		$8.00		
MA	ATLANTIC	BOSTON	$100	$3.00		$100	A		$1,000	$15.00	0	$0.40
MA	BANK OF WESTEF	AMHERST	$10	$2.00								
MA	BANKBOSTON	BOSTON	$250	$1.00		$25	M	$1,000		$4.50	0	$0.40
MA	BBOC	BOSTON	$100	$3.00			M	$300		$6.00	0	$0.25
MA	BOSTON FEDERAI	BOSTON	$500	$1.00	Y							
MA	BOSTON PRIVATE	BOSTON	$500	$1.25			A		$1,000	$8.00		
MA	BOSTON SAFE DE	BOSTON	$100	$2.00		$500	E	$500	$1,000	$7.00		
MA	CAMBRIDGE TRUS	CAMBRIDC	$200	$2.00			M	$500		$5.00	0	$0.35
MA	CAPE COD 5 CEN	HYANNIS	$300	$1.00	D	$25	A		$500	$5.00		
MA	CCB&T	HYANNIS	$500	$3.00	D		M	$1,000		$10.00		
MA	CENTRAL BANK	BOSTON	$300	$2.00	D		M	$500		$5.00		
MA	CENTURY	BOSTON	$500	$2.00		$500	A		$500	$5.00	0	$0.30
MA	CITIZENS BANK	BOSTON				$25	N			$10.00		
MA	COMPASS	NEW BEDFORD		$0.00		$10	M	$100			25	$0.25
MA	COUNTRY BANK	WARE		$0.00	Y	$1						
MA	DEDHAM SAVINGS	DEDHAM			D	$1						
MA	EAST BOSTON SB	BOSTON	$250	$1.00								
MA	EAST CAMBRIDGE	CAMBRIDC	$200	$1.00								
MA	EASTERN	MEDFORD	$250	$2.00		$50	M	$500		$5.00	0	$0.35
MA	FIRST MASSACHU	WORCEST	$250	$3.50	D	$50	A		$1,000	$6.00	0	$0.40
MA	FLEET	BOSTON	$500	$4.00		$50	M	$1,000		$6.00	0	$0.40
MA	HIBERNIA SB	QUINCY	$300	$3.00	Y							
MA	LEXINGTON SAVII	LEXINGTON		$0.00	D	$10	A		$500	$10.00		
MA	LIBERTY	BOSTON	$300	$1.50		$100	M	$1,500		$6.00	0	$0.35
MA	LOWELL FIVE CEI	LOWELL		$0.00								
MA	MASSBANK	READING	$250	$1.00			M	$500		$8.00	30	$0.50
MA	MEDFORDBANK	MEDFORD	$250	$2.00			M	$600		$8.00		
MA	METROWEST	FRAMINGH	$250	$1.50			M	$500		$5.00	0	$0.30
MA	MIDDLESEX	NATICK		$0.00								
MA	NORTHAMPTON B	AMHERST	$50	$2.00								

PIRG'S 1997 BANK FEE SURVEY: State by state

		ATM ONLY ACC		ATM CARDS							DEBITCD
		MTHLY	TELLR		ANNUAL	ON-US	ON-US	OFF-US	OFF-US	NTL	ANNUAL
ST	BANK	FEE	FEE	REPLACE	FEE	W/D FEE	#FREE	W/D FEE	#FREE	OFF-US	FEE
MA	BROCKTON CU							$1.00			
MA	CRESCENT CU			$3.00				$1.00			
MA	FIRST CITIZENS F							$0.75	4		
MA	LEOMINSTER CU							$1.00			
MA	METROPOLITAN C			$12.00				$0.95			
MA	ROCKLAND FCU			$3.00				$1.00	10		
MA	ABINGTON SB			$5.00	$12.00			$1.00			
MA	ANDOVER							$1.00			
MA	ATLANTIC										
MA	BANK OF WESTER							$1.00			
MA	BANKBOSTON							$2.00			$10.00
MA	BBOC										
MA	BOSTON FEDERAL			$10.00	$12.00			$1.00			
MA	BOSTON PRIVATE							$1.00			
MA	BOSTON SAFE DE							$1.25		$2.00	
MA	CAMBRIDGE TRUS			$5.00				$1.00			
MA	CAPE COD 5 CENT							$1.00			
MA	CCB&T			$5.00				$1.00			
MA	CENTRAL BANK			$5.00				$0.85			
MA	CENTURY			$5.00				$0.75		$1.00	
MA	CITIZENS BANK							$1.75			
MA	COMPASS							$1.00			
MA	COUNTRY BANK			$5.00				$0.00			
MA	DEDHAM SAVINGS			$5.00				$0.75			
MA	EAST BOSTON SB			$5.00				$1.00			
MA	EAST CAMBRIDGE							$0.75			
MA	EASTERN			$10.00	$12.00			$0.00		$1.25	$12.00
MA	FIRST MASSACHU										
MA	FLEET							$1.50			
MA	HIBERNIA SB							$1.00			
MA	LEXINGTON SAVIN							$0.75			
MA	LIBERTY										
MA	LOWELL FIVE CEN			$2.00				$1.00			
MA	MASSBANK			$5.00				$0.75			
MA	MEDFORDBANK			$5.00				$1.25		$2.50	
MA	METROWEST			$5.00				$1.00			
MA	MIDDLESEX			$5.00				$1.00			
MA	NORTHAMPTON B							$0.75	5		

Chart 3

PIRG'S 1997 BANK FEE SURVEY: State by state

		NOW INTEREST BEARING CHECKING ACCTS							NO-FRILLS CHECKING				
ST	BANK	MIN OPEN	MIN AVG	MIN BAL	AVG BAL	MTHLY FEE	#FR CKS	FEE/ CK	MIN OPEN	FEE WAYS	MTHLY FEE	#FR CKS	FEE/ CK
MA	PEOPLES	$10	M	$500		$3.00	0	$0.15	10	Y	$3.00	10	$0.15
MA	PNC BANK	$10	M	$2,000		$4.00							
MA	ROCKLAND TRUS	$20	M	$900		$9.00				Y	$2.50	8	$1.00
MA	SALEM FIVE CENT		M	$1,000		$5.00	0	$0.20		Y	$4.00	15	$0.25
MA	SANDWICH COOP	$50	M	$1,500		$5.00	0	$0.30	50	N	$5.00	6	$0.50
MA	SOMERSET	$100	A		$500	$5.00			10	Y	$2.00	10	$0.75
MA	SPRINGFIELD INS	$100	E	$1,500	$2,500	$10.00							
MA	STATE STREET	$50	A		$3,000	$6.00	0	$0.40	10	N	$4.00	8	$0.40
MA	USTRUST	$300	M	$300		$8.00			1	YN	$6.50		
MA	WAINWRIGHT	$250	M	$1,000		$4.00	0	$0.30					
MA	WESTFIELD	$50	M	$1,000		$5.00	0	$0.15	50	Y	$3.00	10	$0.15

PIRG'S 1997 BANK FEE SURVEY: State by state

		PENALTY FEES			TELEPHONE INQUIRIES				CLOSE ACCT		TOP	KEY
		BOUNCE	RETURN	STOP	CALL		CALL		EARLY		300	
ST	BANK	CHECK	(DIR)	PAY	mputer	#FREE	Operator	#FREE	FEE	ONTHS	RANK	
MA	BROCKTON CU	$15.00	$5.00	$7.50								
MA	CRESCENT CU	$15.00	$12.00	$10.00								
MA	FIRST CITIZENS F	$15.00		$10.00								F
MA	LEOMINSTER CU	$20.00	$5.00	$15.00								
MA	METROPOLITAN C	$18.00	$5.00	$15.00								
MA	ROCKLAND FCU	$20.00	$10.00	$20.00			$1.00	3	$15.00	3		
MA	ABINGTON SB	$20.00	$5.00	$15.00					$10.00	3		M
MA	ANDOVER	$20.00	$5.00	$15.00								
MA	ATLANTIC	$15.00	$5.00	$15.00					$10.00	6		
MA	BANK OF WESTEF	$20.00	$3.00	$15.00							20	
MA	BANKBOSTON	$22.00	$5.00	$20.00								
MA	BBOC								$15.00	3		
MA	BOSTON FEDERAI	$20.00	$5.00	$15.00								
MA	BOSTON PRIVATE	$25.00	$5.00	$20.00							147	
MA	BOSTON SAFE DE	$25.00	$7.00	$25.00					$50.00	6		
MA	CAMBRIDGE TRUS	$20.00	$5.00	$20.00					$10.00	6		
MA	CAPE COD 5 CEN	$16.00	$5.00	$15.00								
MA	CCB&T	$18.00	$5.00	$15.00					$3.00	3		
MA	CENTRAL BANK	$18.00	$10.00	$15.00								
MA	CENTURY	$20.00	$5.00	$15.00							153	
MA	CITIZENS BANK	$20.00	$5.00	$20.00								
MA	COMPASS	$18.00	$5.00	$18.00								
MA	COUNTRY BANK	$15.00		$7.50								
MA	DEDHAM SAVINGS	$15.00		$15.00								
MA	EAST BOSTON SB	$16.00	$12.00	$15.00								
MA	EAST CAMBRIDGE	$15.00	$5.00	$15.00							268	
MA	EASTERN	$20.00	$5.00	$15.00								
MA	FIRST MASSACHU								$20.00		9	
MA	FLEET	$25.00	$5.00	$15.00								
MA	HIBERNIA SB	$20.00	$10.00	$15.00								M
MA	LEXINGTON SAVIN	$20.00	$15.00	$15.00								
MA	LIBERTY											
MA	LOWELL FIVE CEN	$20.00	$5.00	$15.00			$0.50					
MA	MASSBANK	$20.00	$5.00	$15.00			$0.50					
MA	MEDFORDBANK	$20.00	$5.00	$15.00								
MA	METROWEST	$17.00	$5.00	$15.00								
MA	MIDDLESEX	$15.00	$5.00	$15.00					$10.00	6		
MA	NORTHAMPTON B	$15.00	$7.50	$15.00								

PIRG'S 1997 BANK FEE SURVEY: State by state

		ATM ONLY ACC		ATM CARDS							DEBITCD
		MTHLY	TELLR		ANNUAL	ON-US	ON-US	OFF-US	OFF-US	NTL	ANNUAL
ST	BANK	FEE	FEE	REPLACE	FEE	W/D FEE	#FREE	W/D FEE	#FREE	OFF-US	FEE
MA	PEOPLES			$2.00				$1.00			
MA	PNC BANK							$0.50			
MA	ROCKLAND TRUS			$10.00				$1.00			
MA	SALEM FIVE CENT			$5.00				$1.00	5		
MA	SANDWICH COOP			$5.00	$10.00			$1.25			
MA	SOMERSET			$5.00				$1.00			
MA	SPRINGFIELD INS			$10.00				$0.00			
MA	STATE STREET							$1.00			
MA	USTRUST							$0.00			
MA	WAINWRIGHT			$5.00				$1.00	5		
MA	WESTFIELD							$1.00			

MASSPIRG'S 1997 BANK FEE SURVEY RESULTS

MASSACHUSETTS AVERAGES

NOW INTEREST BEARING CHECKING ACCOUNTS

BANKS	MIN OPEN	MIN BAL	AVG BAL TO AVOID FEE	MONTHLY FEE	FEE PER CHECK
BIG BANKS	$335.00 (5)	$2125.00 (4)	$2500.00 (2)	$7.20 (5)	$0.38 (3)
LITTLE BANKS	$141.58 (26)	$935.71 (28)	$1425.00 (10)	$5.92 (37)	$0.28 (23)
ALL BANKS	$172.77 (31)	$1084.38 (32)	$1604.17 (12)	$6.07 (42)	$0.30 (26)
CREDIT UNIONS	$83.33 (3)	$316.67 (3)	$500.00 (1)	$5.25 (4)	$0.15 (2)

NO-FRILLS CHECKING

BANKS	MIN OPEN	MONTHLY FEE	# FREE CHECKS	FEE PER CHECK
BIG BANKS	$13.75 (4)	$2.83 (6)	$10.00 (6)	$0.82 (6)
LITTLE BANKS	$37.21 (14)	$3.71 (21)	$8.80 (19)	$0.53 (18)
ALL BANKS	$32 (18)	$3.52 (27)	$9.10 (25)	$0.60 (24)
CREDIT UNIONS	$25 (2)	$2.25 (4)	$6.00 (2)	$0.35 (2)

Total banks included in survey: 6 big banks, 37 little banks, 43 all banks, and 6 credit unions.

Number in parenthesis,(), represents the # of banks included in calculation.

PIRG'S 1997 BANK FEE SURVEY: State by state

		PENALTY FEES			TELEPHONE INQUIRIES				CLOSE ACCT			
		BOUNCE	RETURN	STOP	CALL		CALL		EARLY		TOP 300	KEY
ST	BANK	CHECK	(DIR)	PAY	mputer	#FREE	Operator	#FREE	FEE	ONTHS	RANK	
MA	PEOPLES	$20.00	$15.00	$15.00					$10.00	3		
MA	PNC BANK	$18.00	$3.00	$15.00								
MA	ROCKLAND TRUS	$20.00	$5.00	$20.00			$1.00					
MA	SALEM FIVE CENT	$15.00	$5.00									
MA	SANDWICH COOP	$18.00	$5.00	$18.00								
MA	SOMERSET	$15.00	$5.00	$15.00					$5.00	6		
MA	SPRINGFIELD INS	$20.00	$10.00	$20.00					$10.00	6		
MA	STATE STREET	$20.00	$4.00	$15.00							27	P
MA	USTRUST	$20.00	$4.00	$15.00								
MA	WAINWRIGHT	$15.00	$4.00	$15.00								
MA	WESTFIELD	$15.00	$2.00	$15.00								

MASSPIRG'S 1997 BANK FEE SURVEY RESULTS

MASSACHUSETTS AVERAGES

ATM FEES

BANKS	REPLACE	OFF-US/FOREIGN W/D FEE
BIG BANKS	$10.00 (1)	$1.25 (6)
LITTLE BANKS	$5.43 (21)	$0.86 (33)
ALL BANKS	$5.64 (22)	$0.92 (39)
CREDIT UNIONS	$6.00 (3)	$0.95 (6)

PENALTY FEES

BANKS	BOUNCE CHECK	RETURN (DIR)	STOP PAYMENT
BIG BANKS	$22.00 (6)	$5.17 (6)	$18.33 (6)
LITTLE BANKS	$18.06 (34)	$6.11 (32)	$15.56 (33)
ALL BANKS	$18.65 (40)	$5.96 (38)	$15.99 (39)
CREDIT UNIONS	$17.17 (6)	$7.40 (5)	$12.92 (6)

Total banks included in survey: 6 big banks, 37 little banks, 43 all banks, and 6 credit unions.

Number in parenthesis,(), represents the # of banks included in calculation.

MASSPIRG'S 1997 BANK FEE SURVEY RESULTS

MASSACHUSETTS AVERAGES

SAVINGS ACCOUNTS

BANKS	BALANCE TO AVOID	MONTHLY FEE
BIG BANKS	$370.00 (5)	$2.20 (5)
LITTLE BANKS	$260.00 (26)	$1.54 (34)
ALL BANKS	$277.74 (31)	$1.62 (39)
CREDIT UNIONS	$100.00 (2)	$0.40 (5)

REGULAR CHECKING

BANKS	MIN OPEN	MIN BAL TO AVOID FEE	AVG BAL TO AVOID FEE	MONTHLY FEE	FEE PER CHECK
BIG BANKS	$116.67 (6)	$750.00 (4)	$1250.00 (2)	$6.08 (6)	$0.39 (4)
LITTLE BANKS	$80.13 (15)	$611.54 (13)	$714.29 (7)	$7.11 (9)	$0.33 (11)
ALL BANKS	$90.57 (21)	$644.12 (17)	$833.33 (9)	$6.86 (25)	$0.35 (15)
CREDIT UNIONS			$500.00 (1)	$8.00 (1)	

Total banks included in survey: 6 big banks, 37 little banks, 43 all banks, and 6 credit unions.

Number in parenthesis,(), represents the # of banks included in calculation.

MASSPIRG'S 1997 BANK FEE RESULTS

MASSACHUSETTS AVERAGES

CLOSE ACCOUNT EARLY

BANKS	FEE	MONTHS
BIG BANKS	$20.00 (1)	Didn't Disclose
LITTLE BANKS	$13.45 (11)	4.64
ALL BANKS	$14.00 (12)	4.64

Total banks included in survey: 6 big banks, 37 little banks, 43 all banks, and 6 credit unions.

Number in parenthesis,(), represents the # of banks included in calculation.

1. I'm Randall Parr. I live in Lowell, MA. I have a checking account at Fleet Bank and a car loan with Baybank, which was bought by BankBoston. I grew up in Massachusetts. I am not a lawyer.
2. When I was young, a bank robbery was when a person robbed a bank. Today the banks are robbing the people.
3. As a result of a decade of unrestrained mergers in Eastern Massachusetts, four retail banks have over 90 percent of the market: Fleet, BankBoston, U. S. Trust, and Citizens Bank. Fleet and BankBoston are the 2 largest of those 4.
4. Section 7 of the Clayton Act outlaws mergers where the effect "may be to substantially lessen competition or tend to create a monopoly." Since the proposed merger between the biggest and 2d biggest bank in this area will **tend to create a monopoly** it is illegal. This merger will substantially **lessen competition**, which is also illegal. It therefore meets **both** criteria of section 7 of the Clayton Act.
5. What is **harmful** about it? As a result of this merger thousands of **workers** will **lose their jobs**, and thousands more who will be hired in the future if this merger does not happen, will never get those jobs. Many workers' job skills are not transferable to nonbanking industries, requiring career changes, pay cuts, and retraining costs to be sacrificed by sacked workers. They will have no choice.
6. Because wages fluctuate due to labor supply and demand, workers' earnings will be reduced by this merger, since the merger will shrink labor demand. Therefore workers will be robbed, even if they are not employed by these banks. They will have no choice.
7. Customers can now go to Fleet or BankBoston and withdraw their money without charge, but if they go to another ATM they must pay to withdraw money. After this and other mergers that will follow, ATM **fees will rise** each time they withdraw money from their account. Check fees and loan interest rates and fees will increase because there will be no competition. The megabank will have a monopoly. Customers will have no choice.
8. Mergers have a **snowball effect**. When one illegal merger is approved others are announced. No doubt it was this Fleet/BankBoston merger, which let to the announcement by Citizens and U. S. Trust that they will merge. No doubt, the Baybanks merger led to this Fleet/BankBoston merger. Perhaps the Shawmut acquisition led to the Baybank merger. If the Fleet/BankBoston merger is not stopped the Fleet/BankBoston/U. S. Trust/ Citizens Bank merger will be next. This cycle creates monopoly.
9. Being able to borrow money is very difficult when there is no choice. Small businesses depend on banks loans for their existence. The merger will reduce advertising demand, reduce start-up businesses, and harm many other sectors. This merger will have a **depressing economic impact** like a tidal wave on eastern Massachusetts.
10. Recently the states filed suit against tobacco companies for smokers health services costs. People can choose not to smoke, but not where to bank when there is a bank monopoly. Unlike smoking, losing jobs means unemployment, food stamps, and welfare. This cost the state lots of money, and the people involved lots of hardship. Unlike smoking, mergers are clearly illegal. The case against the Fleet/BankBoston merger **is far stronger** than the case the states had against the tobacco companies.
11. I ask Fleet Bank and BankBoston to call off this illegal merger in the interests of customers, workers, and society because it substantially reduces bank competition.
12. I ask the Federal Reserve Bank to deny this merger because it substantially reduces bank competition.
13. I ask the U. S. Attorney General to file suit to stop this merger under Section 7 of the Clayton Act. If not, I request that she resign for failing to enforce the law.
14. I ask the Attorney General of Massachusetts to file suit to stop this merger under Section 7 of the Clayton Act. If not, I ask that he resign for failing to enforce the law.
15. If all fail to do so, I ask fellow citizens to join me to file a class action suit to prevent this merger under Section 7 of the Clayton Act. I know we can win.
16. I ask both the U. S. and the Massachusetts Attorney General to reply within one week whether they plan to challenge this illegal merger in court .
17. The Fleet/BankBoston merger is bank robbery. Support freedom of choice. Just say no! Ban the Fleet/BankBoston merger.

Connecticut Friends of Community Reinvestment
C/o CREN
32 Elm Street, Hartford, CT 06106

July 7, 1999

Richard C. Walker III
Vice President
Federal Reserve Bank of Boston
Community Affairs Office
600 Atlantic Avenue
Boston, MA 02106

Re: PROTEST TO FLEET/BANKBOSTON MERGER

Dear Mr. Walker:

This letter is an official protest to the proposed merger between Fleet Financial Group, Inc. ("Fleet") and BankBoston Corporation ("BankBoston"), the application for which was filed with your offices during the week ending May 22, 1999. The Connecticut Friends of Community Reinvestment ("CFCR") is a state-wide coalition of numerous community-based organizations and non-profit agencies in Connecticut committed to the spirit and practice of the Community Reinvestment Act ("CRA"). The participants in CFCR are working collaboratively to ensure that the financial services needs of Connecticut's traditionally underserved communities are met.

This letter attempts to outline the major areas where trends in Fleet's activities support the position that the merger with BankBoston will so substantially inhibit competition as to constitute a violation of the antitrust laws and of Section 3 of the Bank Holding Company Act, 12 U.S.C. Section 1842(c). This is especially critical in the area of CRA issues, where both the specific CRA record for Fleet in Connecticut (which is only satisfactory) and the overall anti-competitive aspects of this merger are likely to result in a dramatic reduction in services and convenience for the needs of the communities that Fleet purports to serve. The Federal Reserve Board, in reviewing this merger application, must consider both the impact of the proposed acquisition on the competition in the marketplace and the history and impact of the CRA performance of the institutions involved. In each area discussed below, the issues address both the anti-competitive nature of the merger and the negative CRA impact, which are so closely integrated and mutually supportive as to be almost impossible to separate.

1. Anti-Competitive Effect

Under 12 CFR Section 225.13, the Federal Reserve Board may not approve a merger application if (1) the transaction results in a monopoly or (2) the effect of the transaction would be to substantially lessen competition in any section of the country, unless the Board finds that the anti-competitive effect is outweighed by meeting the convenience and needs of the community. In addition, under Regulation BB, 12 CFR Section 228.29(a), the Federal Reserve Board must take into account the CRA performance of each applicant bank in considering whether to approve a merger. Specifically, under subsection (b), the Federal Reserve Board must take into account in its deliberations any views expressed by interested parties in accordance with the process established under the regulations. In furtherance of these reviews and deliberations, the CFCR provides the following comments finding that the combination of Fleet and BankBoston will substantially lessen competition and reduce the resulting capacity to meet the convenience and needs of the community in Connecticut and therefore should not be approved.

Both Fleet and BankBoston are among the largest players in the financial industry in Connecticut, by deposit base, asset size and otherwise. Fleet's acquisition of Shawmut four years ago has resulted in significant concentration of deposits and services in one behemoth institution, yet the increased size created the absolutely opposite effect desired by the Board -- it decreased the availability of services to the Connecticut community. If the merger is accomplished, Fleet Boston will have almost 50% of the market share for Hartford, and 30% of the state's deposits: the next closest competitor has only 11% of the deposits of Connecticut customers. Not only will Fleet Boston build and control an exceedingly large portion of the market, but the scale of the new merged institution will positively dwarf the remaining independent banks in Connecticut. Sharing the market among institutions of such differences in size rarely meets the definition of competition. With Fleet having already acquired its closest competitor (Shawmut) and BankBoston recently acquiring its closest competitor (BayBanks), the continuing concentration of the market (from four competing institutions to one mega-bank) constitutes an alarming trend. These mergers may result in gains for the bank stockholders but provide little or no benefit to the consumers who are to be protected by the Board.

The economies of scale touted in every merger have not produced savings for Fleet customers or increased lending opportunities to match its growth in market share. Even with specific lending commitments extracted from Fleet by the Connecticut Attorney General in connection with the Shawmut acquisition, the service to the community has decreased in the years since that merger. The potential loss of BankBoston as an independent financial and depository institution, especially one that has been a strong competitor to Fleet in the Connecticut marketplace and that has shown exceptional willingness to develop and implement creative programs to serve the low and moderate income communities, raises serious concerns. It appears that this merger will have such a disastrous effect on the competitive environment and services to the traditionally underserved communities in Connecticut that the Federal Reserve Board should not approve it.

The fact that the combined institution will create the eighth largest bank in the country before divestiture, at $178 billion in assets, should elevate the standard to be applied in reviewing and assessing the wisdom of this merger. Even with the proposed divestiture of $12.5 billion in deposits and $2.2 billion in commercial loans, the merged Fleet Boston would easily overpower any local competitors, regardless of which institution acquires the divested branches and assets. (**Note**: *The lack of information on this subject makes this issue even more troubling to the community seeking to understand the impact of the merger and divestiture.*) The next largest New England-based institution, Citizens Financial Group, is only $21 billion. Fleet's current and proposed dominant market share would demand that Fleet take an equally commanding lead in all areas of community lending and CRA efforts. Our research has shown that not to be the case.

Not only have there been declines in available credit to the LMI and women and minority borrower markets, but Fleet has not expanded its market share to match its asset-based and deposit-based market domination in any of these "CRA" areas.

2. Affordable Housing Lending

A. HMDA statistics

Fleet has recently had a problematic record in lending to underserved borrowers, especially as shown in the data reported under the Home Mortgage Disclosure Act (HMDA). We have only been able to access portions of the data, because 1998 is not yet fully available and various researchers and reports include different sets of data for different purposes. We have tried to extract data covering one-to-four family owner-occupied first mortgages, excluding refinancings, home improvement loans and loans on investment properties. Studies have been done by many, including Jim Campen, Associate Professor of Economics at the University of Massachusetts at Boston, that show for Fleet a dramatic trend of DECREASING lending to borrowers in low- and moderate-income (LMI) communities, and to borrowers of color. This is especially alarming as it has occurred even <u>after</u> Fleet's acquisition of Shawmut, essentially reducing overall in the marketplace the availability of home mortgage credit to the underserved.

While the 1998 figures are only just released and not yet analyzed, the trends that appear between 1994 and 1998 raise significant concerns. The ability to differentiate between mortgage loans to minorities and mortgage loans to persons of low- or moderate-income in each MSA becomes confusing, but even the overall data is startling. Statewide, including mortgage loans in all income categories, the combined Fleet/Shawmut numbers plummeted from 6,653 in 1994 to 1,177 in 1997, with only a slight rise to 1,290 in 1998, which reflects only 20% of its 1994 lending volume. In the Hartford MSA, the total mortgage lending of both Fleet and Shawmut to minority households in 1994 was 469 loans, while in 1997 it had plummeted to 102 and in 1998 it dropped further to 78, less than one fifth of the loans made by the two banks while they were separate. Also in Hartford, combined Fleet/Shawmut mortgage lending to borrowers with incomes up to $80,000 (low- and moderate-income) dropped in 1998 to 25% of the 1994 lending volume, and even lending to those with incomes over $120,000 showed the following similar precipitous decline:

Hartford, Connecticut MSA

Year	-$51	51-80	Subtotal	81-95	96-120	120+	Total
1994	171	438	609	262	370	929	2170
1995	136	335	471	158	244	618	1491
1996	72	235	307	191	247	822	1567
1997	55	106	161	35	42	83	321
1998	36	115	151	36	67	103	357

In other Connecticut MSAs, the same comparisons exist. In New Haven, overall lending to all races shrank from 478 in 1994 to 53 in 1997, increasing to 107 in 1998, still only 22% of its 1994 lending volume. Of that volume, 49 mortgage loans were made to minorities in 1994 while only 9 loans were made to minorities in 1997 and 14 in 1998. Mortgage loans to borrowers with incomes below $80,000 shrank from 113 in 1994 to a mere 25 in 1997: including borrowers with incomes up to $120,000, the drop was from 251 loans in 1994 to 39 in 1997. Small increases in 1998 brought the total loans to borrowers with incomes under $120,000 to 83, which is still barely one third of the 1994 loan volume of Fleet and Shawmut combined. Exhibits B through D attached to this letter provide further breakdown information in graph form for Fleet/Shawmut combined mortgage lending by LMI status and by minority borrowers in the Bridgeport, Danbury, Hartford, New Haven, New London, Stamford and Waterbury MSAs. Based on our research of the HMDA figures, overall in Connecticut the mortgage loans Fleet and Shawmut made to LMI borrowers (incomes under $80,000) dropped from 1,828 loans in 1994 to 536 in 1997 and increasing only slightly to 556 in 1998, only 30% of their combined lending in 1994. This is a tremendously troubling trend.

The purpose of the Home Mortgage Disclosure Act ("HMDA") is to allow the community to review and analyze the critical facts of its local depository institutions' lending patterns, and specifically to work to eliminate discrimination in lending to traditionally underserved communities (those viewed as "redlined" in the past). While many factors can affect the reported statistics, the data in the case with Fleet are so compelling as to raise fundamental questions about Fleet's commitment to reinvesting in its communities. Fleet's trend of acquiring a customer-driven and community-sensitive institution (such as Shawmut) and reducing substantially its positive impact on the communities it had served raises real concern about the short and long term impact on LMI communities and communities of color in terms of their access to the American dream. Home mortgages may be only one area of lending, but mortgage lending arguably has the greatest impact on the growth of neighborhoods. It is also the best barometer of the level of credit available overall in a community: the decline in available mortgage credit in LMI and minority communities signals significant problems. Fleet cannot ask for the opportunity to command an even larger share of the market through this proposed merger and then continue to decrease its mortgage lending to LMI and minority households.

B. Multi-family projects

An issue of significant concern that affects multi-family housing projects (as well as single family affordable housing) is the history of the Community Development and Preservation Loan Fund (the "Fund"). This Fund was established at the Connecticut Housing Finance Authority pursuant to an agreement of September, 1995, with the Attorney General's Office in connection with Fleet's acquisition of Shawmut. Under this Agreement, Fleet committed to "take a lead role in the establishment of" the Fund and make an initial capital investment of at least $25 million to this loan pool.

In fact, it took until December of 1996 for Fleet to close on its $15 million lead participation (the remaining $10 million of the commitment is not mentioned). Fleet assumed the "syndicating lead role" for a seven-bank consortium totaling $47 million. Despite the substantial commitment, to date several years later only one single loan has been made under this program in May 1999 for $75,000 -- a tiny fraction of the committed dollars. One other loan was approved in September 1998 and has not yet closed. The reasons behind this lack of implementation may be legion, but the fact remains that Fleet's commitment here did not accomplish anything for the community.

In addition, the multi-family unit portion of the Fund was never realized. Fleet states that the lack of establishment of the multi-family funding was due to "the excess supply of multi-family housing that resulted from Connecticut's economic recession." There are a number of organizations across Connecticut that have been working for years to establish a rational financing source for multi-family projects, and they have not ever identified a reduction in their need for financing – certainly not because of an excess supply.

The remaining committed funds were invested, ultimately, in CHFA bonds. Initially Fleet bought $50 million in such bonds in 1997 and an additional $25 million was purchased in late 1998. Investment in CHFA bonds may support CHFA's homebuyer mortgage loan program, but it does very little (if anything) to address the multi-family housing development needs across the state. Such investment protects Fleet from actually dealing directly with these low- to moderate-income borrowers, or nonprofit developers involved in this field. With this history, it is difficult to imagine that Fleet will change substantially to become a major participant in mortgage lending for LMI multi-family projects.

First Community Bank at BankBoston has developed some creative products and services that seek to underwrite multi-family projects. They have shown an unusual willingness to work more closely with the developers and the neighborhoods in which they work. On the other hand, Fleet's record in this area is much less aggressive. If Fleet's focus prevails after a merger and Connecticut communities lose the opportunity to work with BankBoston on these projects, the impact on the LMI community will be devastating.

Throughout urban Connecticut there are a number of urban-focused community loan funds where banks in each urban area pool their resources, both capital and human, to support the nonprofit development of multi-family projects. As bank mergers continue to occur, several of these existing loan funds have had the number of their bank partners cut in half. As the number of participants shrinks, in most cases the amount of committed capital also shrinks, reducing the number of projects that can be accomplished. In addition, with fewer bank participants the lending and program standards are then set by a smaller group of lenders. This results in a lower likelihood that more creative CRA peer pressure can be applied to encourage more aggressive lending. The problems with multi-family project underwriting raise complex concerns that require significant commitment and willingness to undertake risk in reinvesting into the communities. This merger will reduce the likelihood of these projects ever happening.

3. Lending to Minority- and Women-owned Small Businesses and Businesses in LMI Areas

Small business lending through the First Community Bank at BankBoston Connecticut has grown significantly over the past several years, including commercial mortgages, asset-based lending, working capital and lines of credit. First Community Bank has taken full advantage of numerous government guarantee programs, both state and federal, and has participated in the development of specific programs with community-based organizations, including an aggressive lending program at the South Hartford Initiative. While we have not been able to compile an accurate list of loans made, or of comparisons between Fleet's performance and that of BankBoston in this arena, it has been demonstrated by those in the field that Fleet has a uninspiring record of performance in small business lending to minority- and women-owned businesses and to small businesses located in LMI communities. If trends from previous mergers continue, it is highly likely that Fleet's poor performance in small business lending to these underserved communities will survive the merger, rather than BankBoston's efforts.

In addition, in the Agreement between Fleet and the Connecticut Attorney General's office in connection with the Fleet/Shawmut merger, Fleet committed to close and disburse loans to small and middle market companies through the Connecticut Works program totaling $20 million in the first year, $30 million in the second year and $40 million in the third year after consummation of the merger. To the best of our knowledge, those commitments were barely met, and Fleet has made almost no loans under this program after completing its minimal commitment.

Fleet also committed under the Agreement to close and disburse $1 million in loans in each year for three years under the Urbank program at the Connecticut Development Authority, in excess of the average annual dollar amount of the combined amounts Fleet and Shawmut had lent over the previous two years (which adjusted average annual dollar amount was $1.5 million). To the best of our knowledge, again those commitments were barely met. Fleet subsequently made only $295,000 in Urbank loans in 1997 after completing this minimal commitment. This pattern of lending to small businesses across the state, even where it is intended to concentrate on "distressed urban areas" (under Connecticut Works) or designated targeted investment communities (under Urbank), is painfully limited in its focus and implementation. Fleet's outreach to women- and minority-owned small businesses has not resulted in significant loan volume, even through programs to which they have committed under the Agreement. The fear of the community is that this focus will continue into the future, even after Fleet has absorbed the community-sensitive BankBoston.

Fleet's performance in SBA lending, even though it is a preferred lender for SBA and should be a significant leader in this area, is also disappointing. In the first seven months of the SBA's 1998-1999 fiscal year, Fleet has made only 10 loans for a meager $728,950, ranking it 23rd in total SBA lending. Meanwhile, Webster Bank, which is only one-fifth of Fleet's size, has made 8 loans for $1.36 million, ranking them 14th. Last year, Fleet and Webster tied at $7,496,000 of SBA loans, despite the tremendous gap between their sizes. Fleet's volume of SBA loans in 1996 and 1997, where it should have reflected a rise after acquiring Shawmut, continued to drop as a percentage of the total number of SBA loans (1996: 102 loans at 11.7%; 1997: 73 loans at 9.1%; 1998: 39 loans at 5.2%). Another disturbing trend is that Fleet's average SBA loan size rose from $73,306 in 1996 to $110,901 in 1997 to $192,222 in 1998. This reflects an increasing drying up of available credit to the small business person seeking those difficult loans under $100,000. Given its stature as an SBA preferred lender and as the largest bank in Connecticut by far, Fleet's lending to small businesses under the SBA program should be substantially more aggressive. Its declining participation raises significant fears in the Connecticut small business community, especially among those businesses located in urban areas and those owned by women, African Americans or Hispanics.

Fleet established a community development corporation ("CDC") several years ago, arguably in order to provide more flexible underwriting standards to small businesses and nonprofit corporations seeking to have an impact on their communities. It is our understanding that the CDC was understaffed for the first two years and we have not been able to confirm the volume of loans made to any of the targeted communities' small businesses. By segregating the LMI and women- and minority-owned small business sector into a CDC, Fleet effectively isolated and downgraded its overall approach to this vital credit and CRA area. In doing so, Fleet has demonstrated that it has not been able or willing to commit the real resources of the full financial institution to the small business lending that is so vital to Connecticut's growth, both urban and otherwise. At this point, we do not have access to the lending activity data for the BankBoston CDC nor do we understand how the two CDCs (if they both survive, merge or both disappear) would operate going forward. The reason for a CDC is to allow a financial institution the opportunity to use creative underwriting, aggressive outreach and grant/loan combinations to increase the impact in the community development arena. It does not protect the rest of the bank from its fundamental CRA responsibilities.

If Fleet is allowed to explain away its history of performance with more commitments that are not likely to be met over time, and it is not held to a standard that reflects the substantially increased size and scale of the institution within the market it serves, then Connecticut's small businesses, especially in LMI communities and for those businesses owned by women and minorities, will be even more starved for the credit and capital necessary to survive and grow. The draft community development small business commitment that Fleet has proposed will not begin to fill the need of the community. Community reinvestment demands that the depository institution provide the funds, educational outreach, technical assistance, creative underwriting and use of government guarantee programs to small businesses to increase the amount of small business lending by the bank. Fleet's historical performance, especially in terms of its absolute number of small business loans, has been so problematic as to require denial of this merger.

4. Services

A. Branches

The divestiture plan, critical to Fleet's argument that the impact of the merger will not be as anti-competitive as anticipated, has not been made public. The ability of Fleet and BankBoston to sell enough of the branch offices to be divested (rather than close them), and the identity of the buyer or buyers of these branches, are absolutely essential information to anyone interested in determining accurately the impact of this merger and its anti-competitive aspect. Historically, a merger's "divestiture plan" has tended to be malleable, which may result in further and disproportionate harm to the minority and LMI communities that will suffer most from these "trades" or closures. This is true not only with respect to the sale (or potential closure) of thirty-three (33) Connecticut branches in the original divestiture, but Fleet's merger application explicitly anticipates that <u>subsequent</u> Fleet branch closures will occur, dictated by "business needs." At least a third of the branches to be divested serve minority or LMI communities now, both urban and rural. Without some condition that the "divested" branches that are sold will remain open for a stated period, a large outside institution could come through, bid and win the entire 292 branch divestiture package, and then close those it doesn't expect to be profitable. The branch divestiture will also have a tremendous impact on the employees of these branches. While Fleet can blithely predict that when branches are sold, the acquiring banks will hire the branch employees, there is no certainty in that and certainly we are not aware of any commitment that such hiring be a condition of the divestiture plan.

Although divestiture may mollify the federal regulators regarding the market share and competitive issues that this merger poses, it does little to protect the consumers left behind. Divestiture does not insulate communities from decreased service. This is especially true in LMI communities, both urban and rural, where efforts have been ongoing for years to prevent the hemorrhaging of banking services and bricks and mortar from their neighborhoods as branches close "through the normal course of business." Branches close with some regularity. New branches very rarely open in these communities (with the exception over the past several years of First Community Bank branches targeted to urban LMI neighborhoods).

Divestiture also does nothing to address potential redlining issues or discriminatory lending practices, as the community has no voice in working with the bank(s) acquiring the divested branches. As in past Fleet mergers, the divestiture plan will likely result in further branch closings in LMI communities. It is difficult to understand how Fleet can rely upon divestiture in defense of the proposed merger when it will be relinquishing control of those branches. Divestiture is a mechanism of business, not community reinvestment.

While the identity of the branches intended to be sold has been made public, the impact on urban and rural LMI communities in particular cannot be assessed without an understanding of the future operation of these branches. In an era of increased focus on online banking and decreased focus on bricks and mortar, the impact of the divestiture of these branches on the low and moderate income community will be even more substantial. This raises significant CRA issues as the likely outcome will be fewer services to those customers in LMI communities who have little or no access to computers. Rather than outreach and expansion of services, the opposite will occur.

B. Products for LMI Communities

BankBoston has developed a uniquely creative program in First Community Bank that has developed an entire line of products, services and delivery systems for LMI and minority communities. First Community Bank has opened branches in neighborhoods formerly abandoned by all other financial institutions (besides check cashers) and offered deposit and lending products, as well as educational efforts, geared specifically to the underserved communities they targeted. Fleet, on the other hand, has continued to reduce its market share in LMI communities (see lending issues in previous sections of this letter). The new Fleet has projected income of $3 billion (see April '99 Real Estate Forum Magazine) based to a large degree on $600 million in projected cost-cutting opportunities. This will most likely be achieved through both layoffs and dropping lower-performing clients, the low- to moderate-income customers. Based on those numbers and Fleet's trends in behavior over the past several years, it appears that the increased income projections will come primarily on the backs of the LMI customers. As the number of available options for depository services shrinks, this impact is increasingly alarming. While Fleet has stated publicly that it expects to continue the First Community Bank concept, no commitment has been made to expand this effective bundle of products and services and their delivery. In fact, if First Community Bank branches are among those being divested (as in the Blue Hills neighborhood of Hartford), then Fleet should expect to lose the First Community

Bank customers that the branches have developed. Given these concerns, along with expected cost-cutting, loss of competition and past performance, we fear that the Fleet version of First Community Bank will be only a shadow of the BankBoston operations.

C. ATMs and Fees

Fleet's focus on litigating its right to assess double-dipping ATM fees shows its lack of sensitivity in providing critical services to the community. Especially because Fleet will be closing or selling branches, which will result in less access to service, customers will be forced to use ATMs with excessive fees – an obviously anti-competitive result. As competition shrinks, Fleet will be able to charge ever higher fees without fear of losing customers: they become captive fee-generators, not customers.

This also raises significant concerns for those individuals who are now receiving electronic benefit transfers ("EBT") for TANF, general assistance, food stamp and other state assistance. These EBTs are generally accomplished through ATMs and POS devices, and if fees continue to rise in this area, the impact of increasing fees will be dramatically disproportionate in its impact on the low income community. A $1.50 fee on every $20 withdrawal by an individual on public assistance constitutes a 7.5% service charge, whereas the same $1.50 fee on a $100 withdrawal by a higher income customer is only a 1.5% service charge. EBT clients are limited to four free transactions per month and then are charged $.85 per transaction. The potential for coupling ATM fees with EBT fees, especially for those low income clients in both urban and rural neighborhoods where access to branches or the "right" ATMs is limited, will eat away at the very limited funds that these poor residents rely upon for basic necessities.

The change to the EBT system was mandatory for all Connecticut benefits recipients, but EBT customers receive none of the same protections under Regulation E that ATM customers are afforded. For example, EBT users do not receive monthly balance statements, so they cannot ascertain whether any errors may have been made in their accounts, nor can they see the fee structure and other information necessary for these low income consumers to understand their financial situation. Increasing ATM and POS fees across the board would severely limit access by many to the only source of services they may have left. Fleet's domination of the Connecticut market and its expressed interest in generating fees from all sources raises serious concerns in the community serving these low income families.

5. Operations

A. Fleet's history in hiring women and persons of color for positions in middle and upper management has been disappointing. Of the top ten "resulting" officers named in the newspaper after the Fleet BankBoston merger is accomplished, all were white males. This sort of decision-making affects every aspect of the business and relationships with customers. For example, many lending decisions are influenced by the relationship developed between the lending officer and the customer – when these two individuals are from very different backgrounds, the likelihood of a positive decision is inhibited by the relationship factor. The Federal Reserve Bank of Boston did research in the early '90's regarding the impact that having white lending officers and black or Hispanic applicants had on the denial rates for home mortgages, and found the impact to be substantial. This continues and affects all areas of service of the institution. The fact that Fleet has not adequately addressed this issue raises serious concerns throughout the organization.

B. While Fleet may have been involved in some efforts to increase the number of local residents in their hiring programs, their commitment to training, both externally for new hires and internally for promotional hires, has not resulted in the kind of diversity in the workforce that is critical to an institution of this size and impact in the Connecticut market. Fleet has not been an active player in the training programs being developed around Connecticut to help increase opportunities for LMI residents. Even where Fleet has hired individuals who have completed welfare-to-work training, there has been some concern that these hires have stayed on board at Fleet only for the required 61 days (in order for Fleet to get "credit" for their hire) and subsequently been let go. If this proves to be true, it is even more problematic and negative than simple inaction.

Fleet has never made the kind of leadership effort that BankBoston has made in, for example, developing, implementing and building the First Community Bank. If Fleet is allowed to acquire BankBoston and overshadow that kind of leadership, creativity, outreach to the LMI and minority communities and overall responsiveness to CRA, then every community that Fleet affects will be worse off after this merger. We request that you deny this merger because of its substantial anti-competitive impact and because Fleet's mediocre CRA and community lending performance will have a devastating impact on the most vulnerable communities in Connecticut, those communities which CRA and the regulators seek to protect in this era of big business.

Very truly yours,

Barbara S. McGrath, Chair
Connecticut Friends of Community Reinvestment

Attachments:

A. List of CFCR Participants (2 pages)
B. List of MSA # and Area Names
C. Graphs showing HMDA data for Fleet (15 pages)
D. Graphs showing HMDA data for BankBoston (19 pages)

Exhibit A: List of CFCR Participants

American Friends Service Committee
55 Van Dyke Ave.
Hartford, CT 06106
Contact: Bruce Martin

Black American Marketplace
32 Elm St.
Hartford, CT 06106
Contact: Sam Saylor

Capital Region Conference of Churches
30 Arbor St.
Hartford, CT 06106
Contact: Roger Floyd

Citizens for Economic Opportunity
111 South St.
Farmington, CT 06032
Contact: Phil Wheeler

Citizens' Research Education Network
32 Elm St.
Hartford, CT 06106
Contact: Greg Vickers

Coalition to Strengthen Sheldon/Charter Oak Neighborhood
32 Elm St.
Hartford, CT 06106
Contact: Bernadine Silvers

Corporation for Independent Living
30 Jordan Lane
Wethersfield, CT 06109
Contact: Nomathemba Shepard

Connecticut Consortium for Women and Their Children With Behavioral Health Needs
205 Whitney Ave.
New Haven, CT 06511
Contact: Donna Campbell

Connecticut Housing Coalition
30 Jordan Lane
Wethersfield, CT 06109
Contact: Jeff Freiser

Connecticut Urban Legal Institute
35 Elizabeth Rd., Room K-202
Hartford, CT 06105
Contact: Barbara McGrath

Connecticut Women's Education and Legal Fund
135 Broad St.
Hartford, CT 06105
Contact: Anne Stanback

Democracy Works
21 Oak St.
Hartford, CT 06106
Contact: Carolyn Gabel

End Hunger Connecticut
300 Addison Rd.
Windsor, CT 06095
Contact: Millie Arnold

Fair Housing Center
221 Main St.
Hartford, CT 06106
Contact: Nancy Downing

High Noon
780 Windsor St., 2nd fl.
P.O. Box 300
Hartford, CT 06106
Contact: Ron Dunson

Lead Safe House
117 Sigourney St.
Hartford, CT 06106
Contact: Effie Barnes

Legal Assistance Resource Center
80 Jefferson St.
Hartford, CT 06106
Contact: Jane McNichol

NAACP
1555 Chapel St.
New Haven, CT 06511
Contact: Roger Vann

State Representative Evelyn Mantilla
36 Charter Oak Rd.
Hartford, CT 06106
Contact: Evelyn Mantilla

Urban League
1229 Albany Ave.
Hartford, CT 06112
Contact: Beayanka Pinckney

Vecinos Unidos
30 Arbor St.
Hartford, CT 06106
Contact: Luz Santana

Exhibit B: MSA Names and Numbers

1160	Bridgeport
1930	Danbury
3280	Hartford
5480	New Haven
5520	New London
8040	Stamford
8880	Waterbury

Exhibit C: Fleet HMDA Graphs and Tables

1. Combined Fleet, Shawmut Single Family Mortgages to Minorities Differentiated by MSA, 1994-1996

2. Fleet Bank LMI Denials and Approvals, 1996, African-American and White

3. Aggregated Home Mortgage Lending, Fleet & Shawmut, Hartford MSA, 1994-1996, African-American, Latino and LMI Households

4. Fleet Mortgage Loans, CT, 1995-1997, African-American, Latino, LMI Households and Census Tracts

5. Shawmut Mortgage Loans, CT, 1995-1997, African-American, Latino, LMI Households and Census Tracts

6. Aggregate Mortgage Loans, CT, 1995-1997, African-American, Latino, LMI Households and Census Tracts

7. Fleet/Shawmut Minority Lending, 1994-1998, MSA 1160, Asian, African-American, Joint, Latino, Native and Other

8-15. Statewide and MSAs 1160, 1930, 3280, 5480, 5520, 8040, 8880, 1994-1998, Originations by Income Level

Combined Fleet, Shawmut Single Family Mortgages differentiated by MSA			
Hartford MSA	**1994**	**1995**	**1996**
African American Households	**166**	**125**	**111**
Latino Households	71	100	73
LMI Households	**654**	**471**	**302**
Danbury MSA			
African American Households	**3**	**2**	**2**
Latino Households	12	2	5
LMI Households	**124**	**47**	**68**
New Haven MSA			
African American Households	**91**	**58**	**40**
Latino Households	22	26	20
LMI Households	**138**	**146**	**111**
New London MSA			
African American Households	**11**	**8**	**2**
Latino Households	2	4	6
LMI Households	**115**	**87**	**49**
Waterbury MSA			
African American Households	**7**	**19**	**14**
Latino Households	9	12	12
LMI Households	**64**	**69**	**45**
Stamford MSA			
African American Households	**54**	**53**	**39**
Latino Households	26	22	25
LMI Households	**295**	**212**	**204**
Bridgeport MSA			
African American Households	**144**	**93**	**122**
Latino Households	104	112	78
LMI Households	**385**	**349**	**254**

1996 Fleet Bank LMI decisions-Black			
MSA	***Denied***	***Approved***	***Ratio***
1160 BPT	25	67	2.68
1930 DBY	1	1	1.00
3280 HFD	37	39	1.05
5480 NH	11	17	1.55
5520 NL	1	1	1.00
8040 STM	8	26	3.25
8880 WTB	3	5	1.67
Total	86	156	1.81

1996 Fleet Bank LMI decisions-White			
MSA	Denied	Approved	Ratio
1160 BPT	59	113	1.92
1930 DBY	35	58	1.66
3280 HFD	144	199	1.38
5480 NH	72	74	1.03
5520 NL	42	41	0.98
8040 STM	82	137	1.67
8880 WTB	13	30	2.31
Total	447	652	1.46

Black vs. White

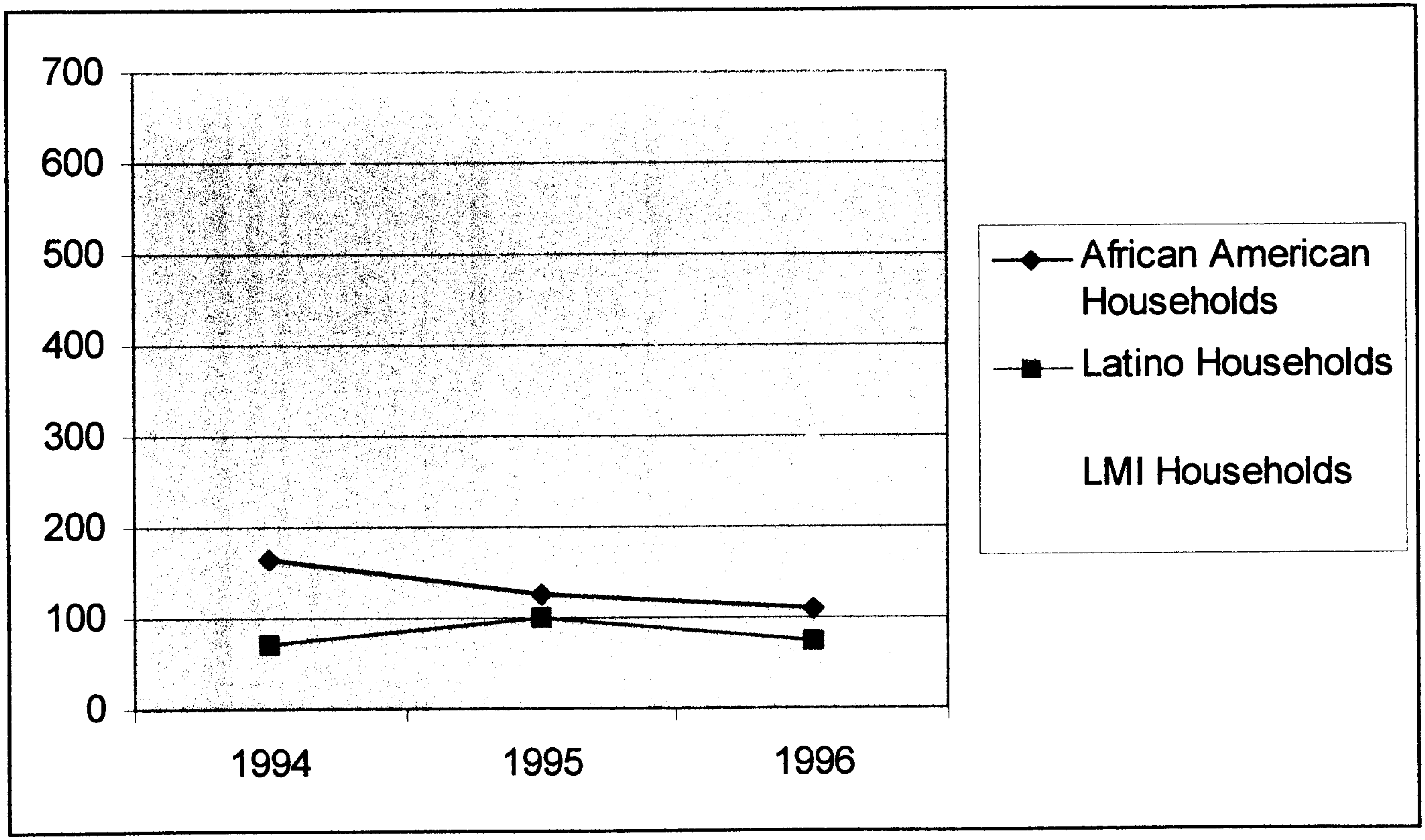
Of LMI borrowers, blacks were approved at a rate of 1.8 for every 1 denial.

Aggregated Home Mortgage Lending

Fleet Bank & Shawmut Bank

Hartford MSA (3280:00)

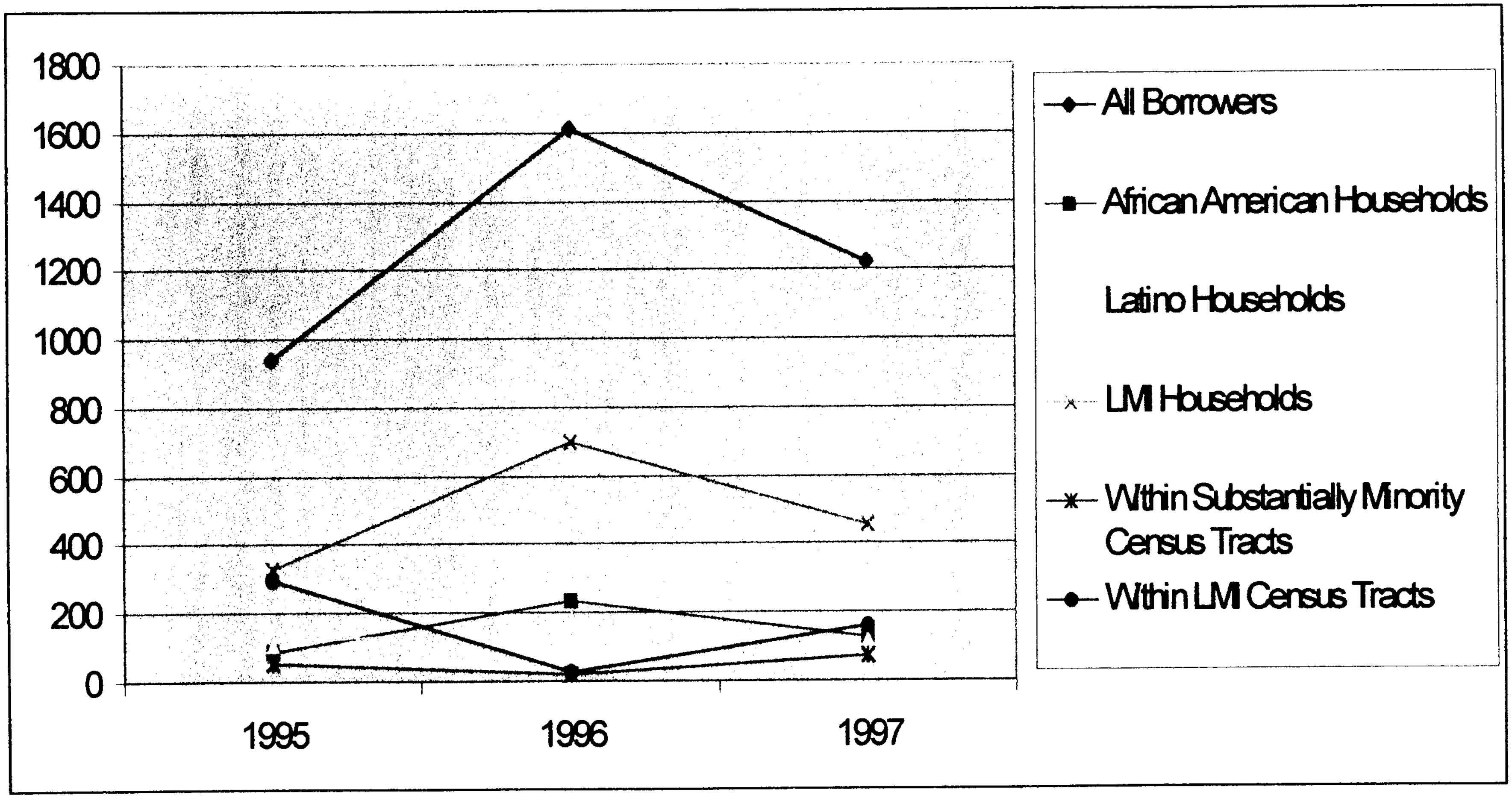
1994-1996



Fleet Bank Home Mortgage Loans – CT

1995-1997

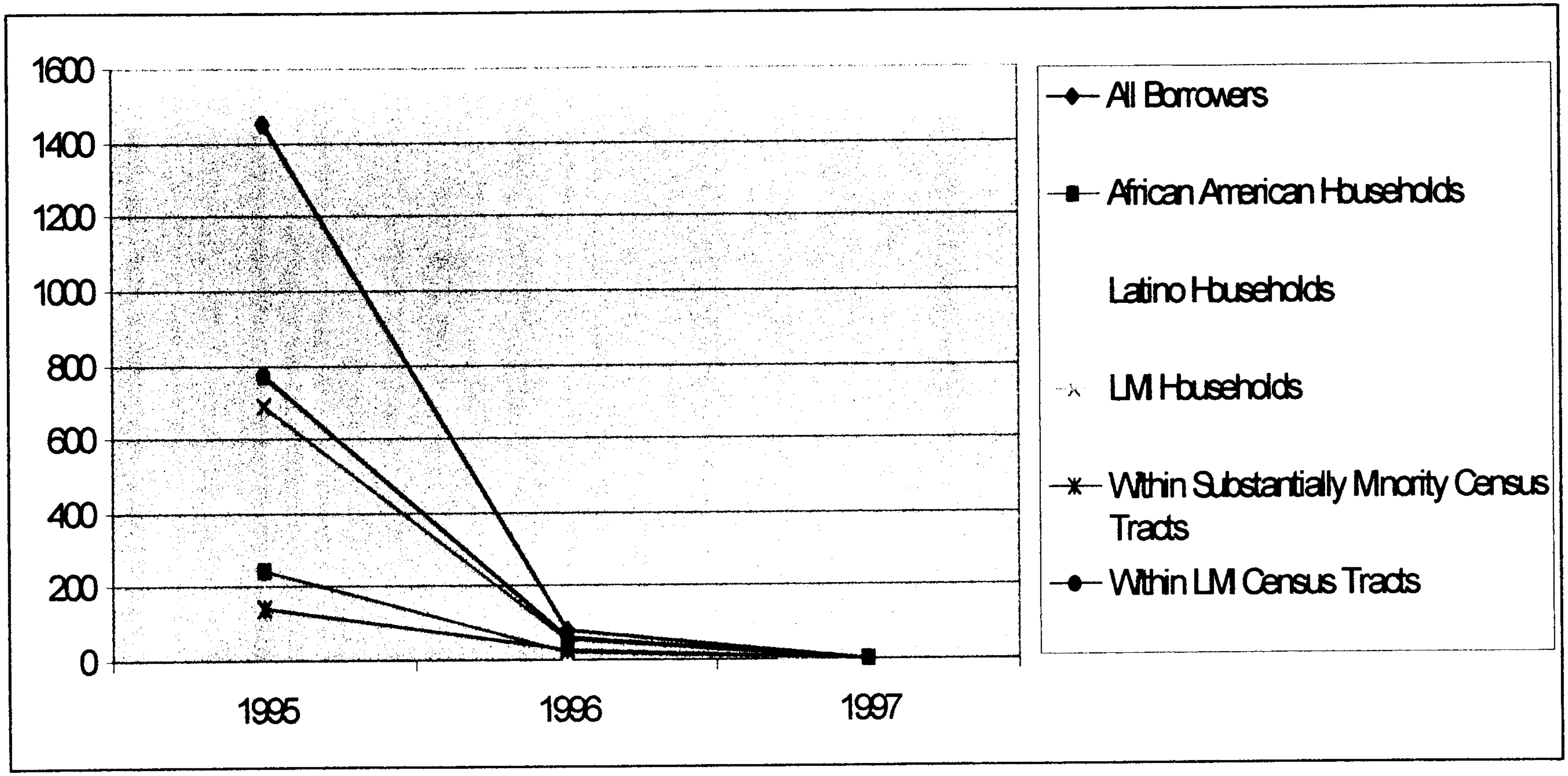
Source: FFIEC, HMDA data 1995, 1996, 1997



Shawmut Bank Home Mortgage Loans – CT

1995-1997

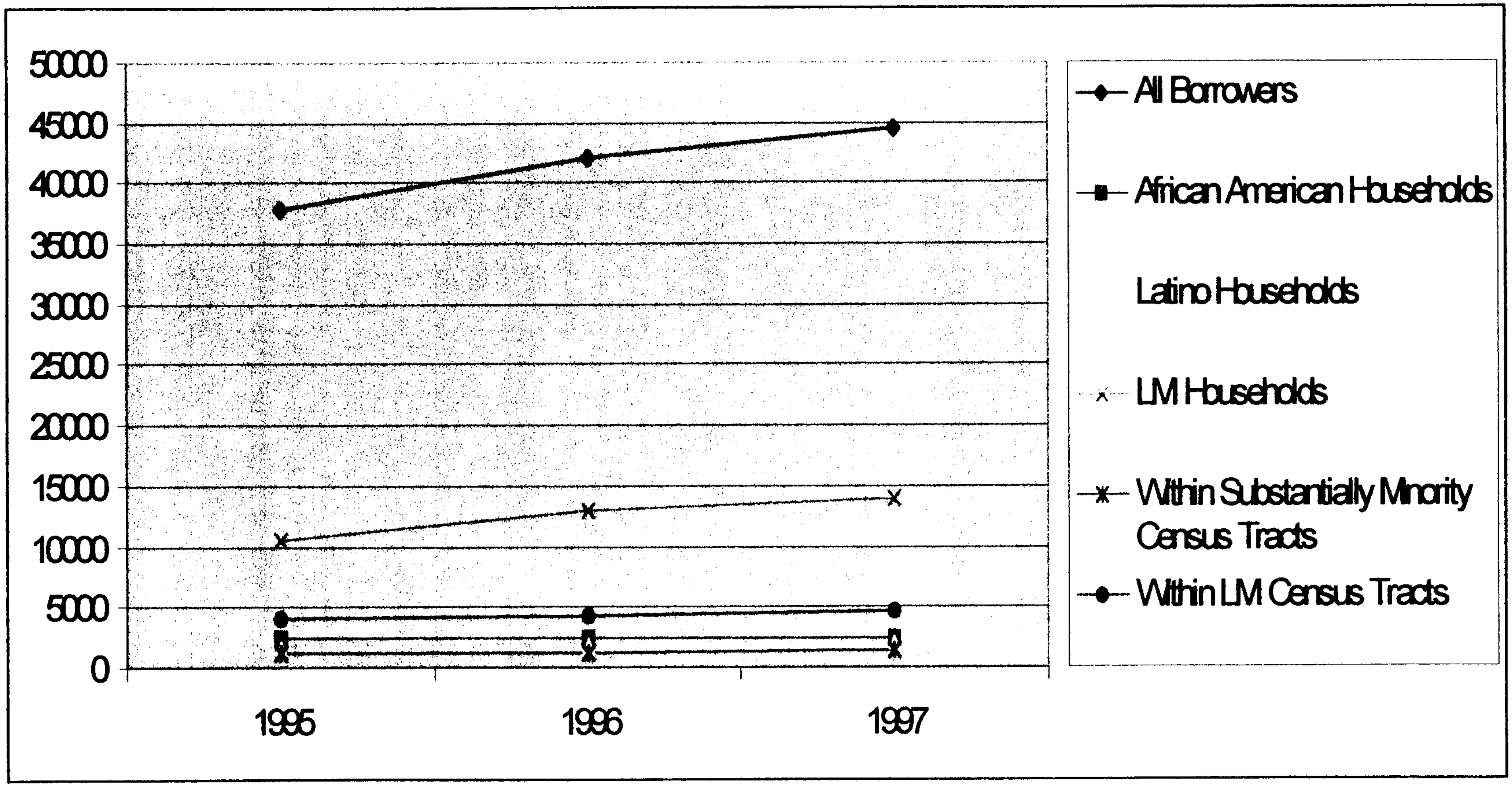
Source: FFIEC, HMDA data 1995, 1996, 1997



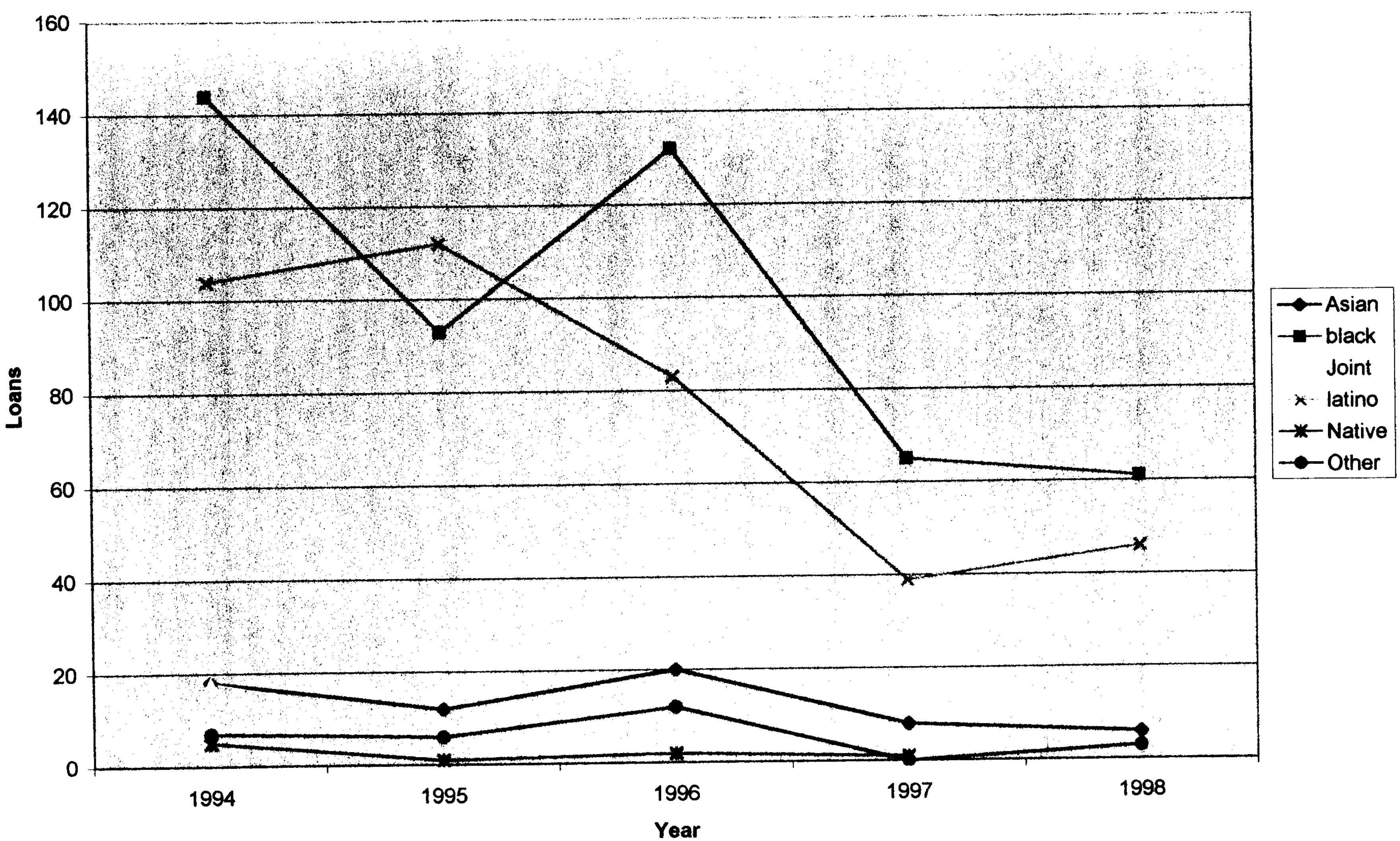
Aggregate Home Mortgage Loans – CT

1995-1997

Source: FFIEC, HMDA data 1995, 1996, 1997



MSA:1160 Fleet/Shawmut Minority Lending



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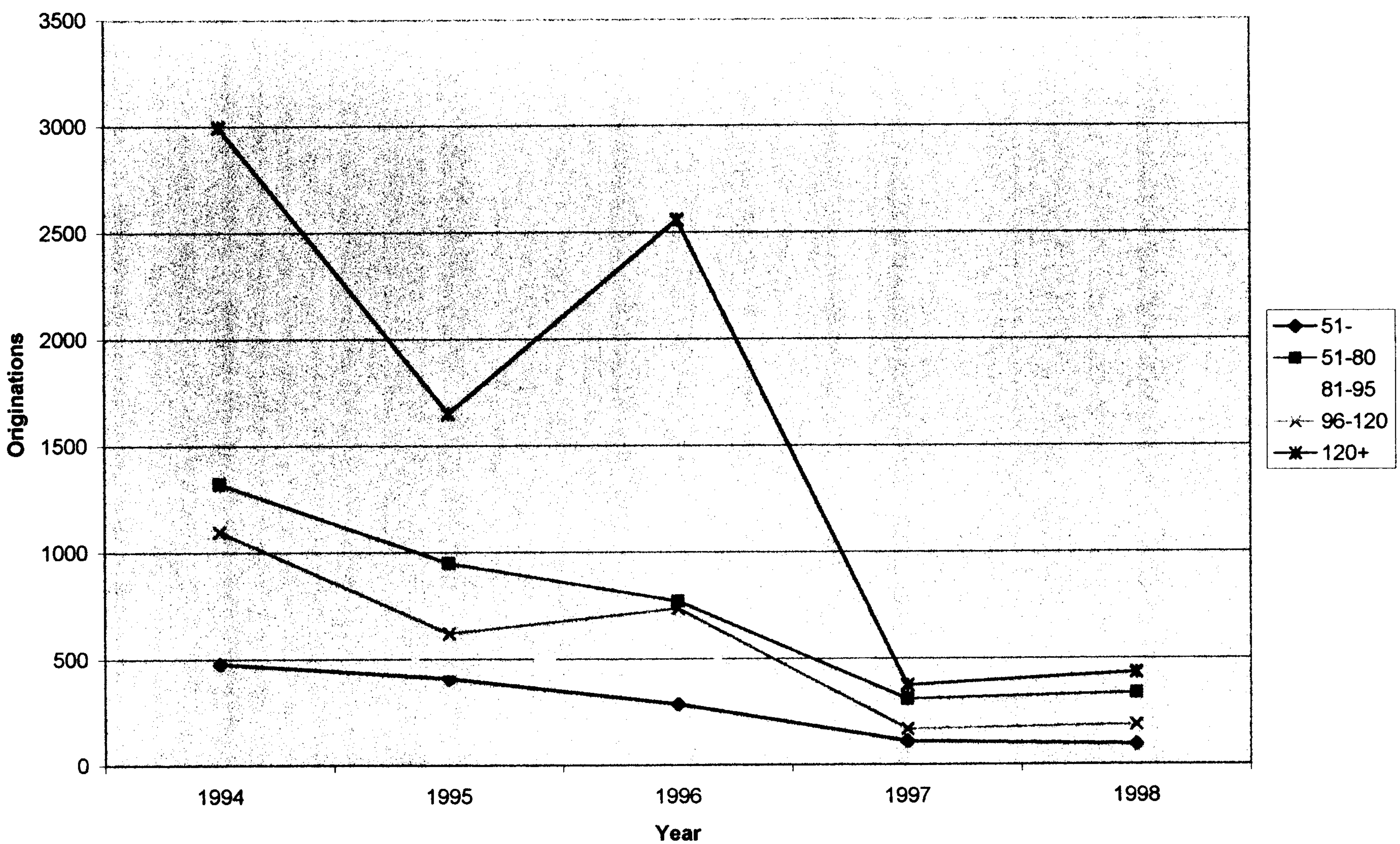

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3000
2500
2000
1500
1000
500
0
Originations
1994
1995
1996
1997
1998
Year
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51-80
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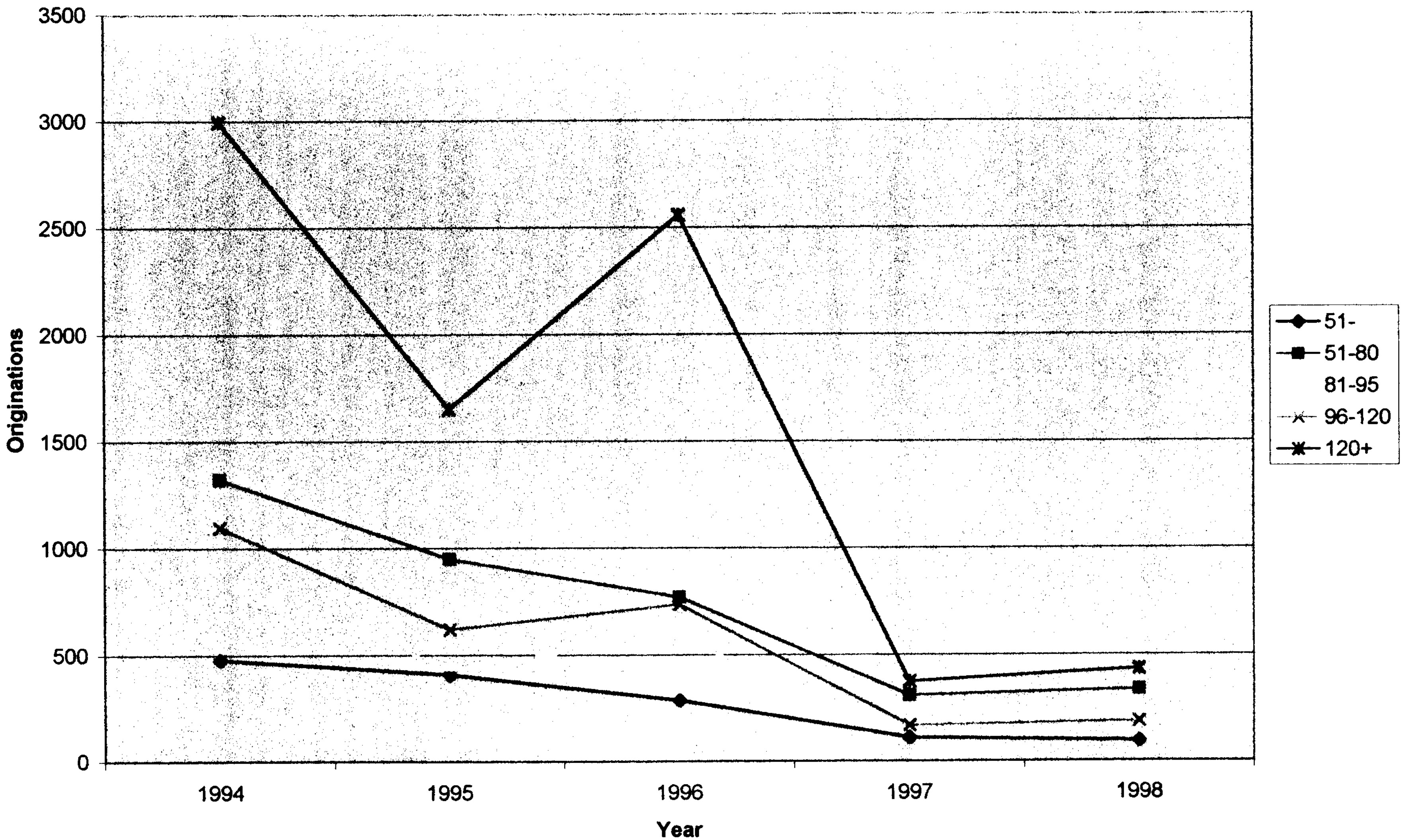
96-120
120+

State-wide



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2500
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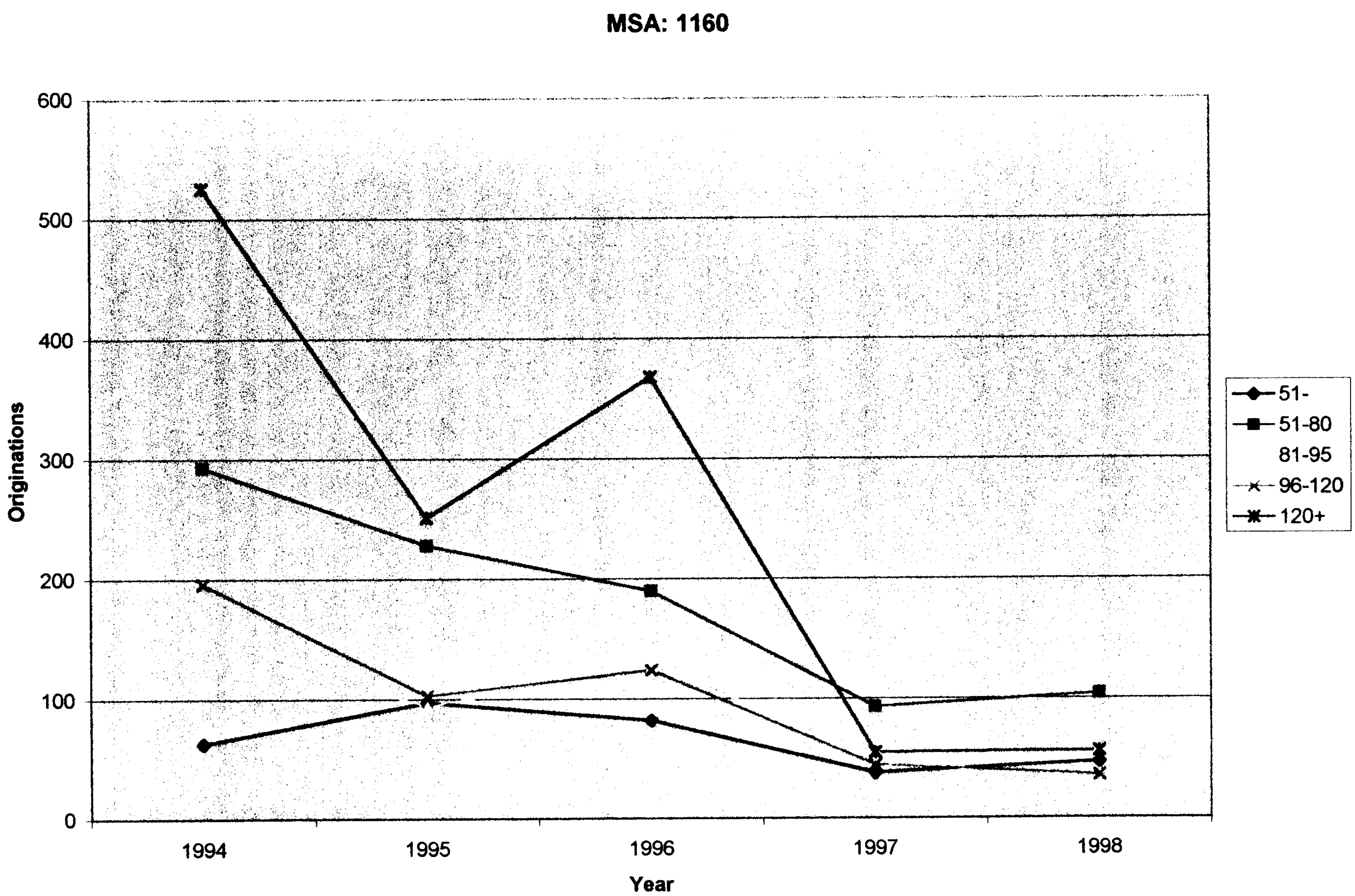
1998
Year
51-
51-80
81-95
96-120
120+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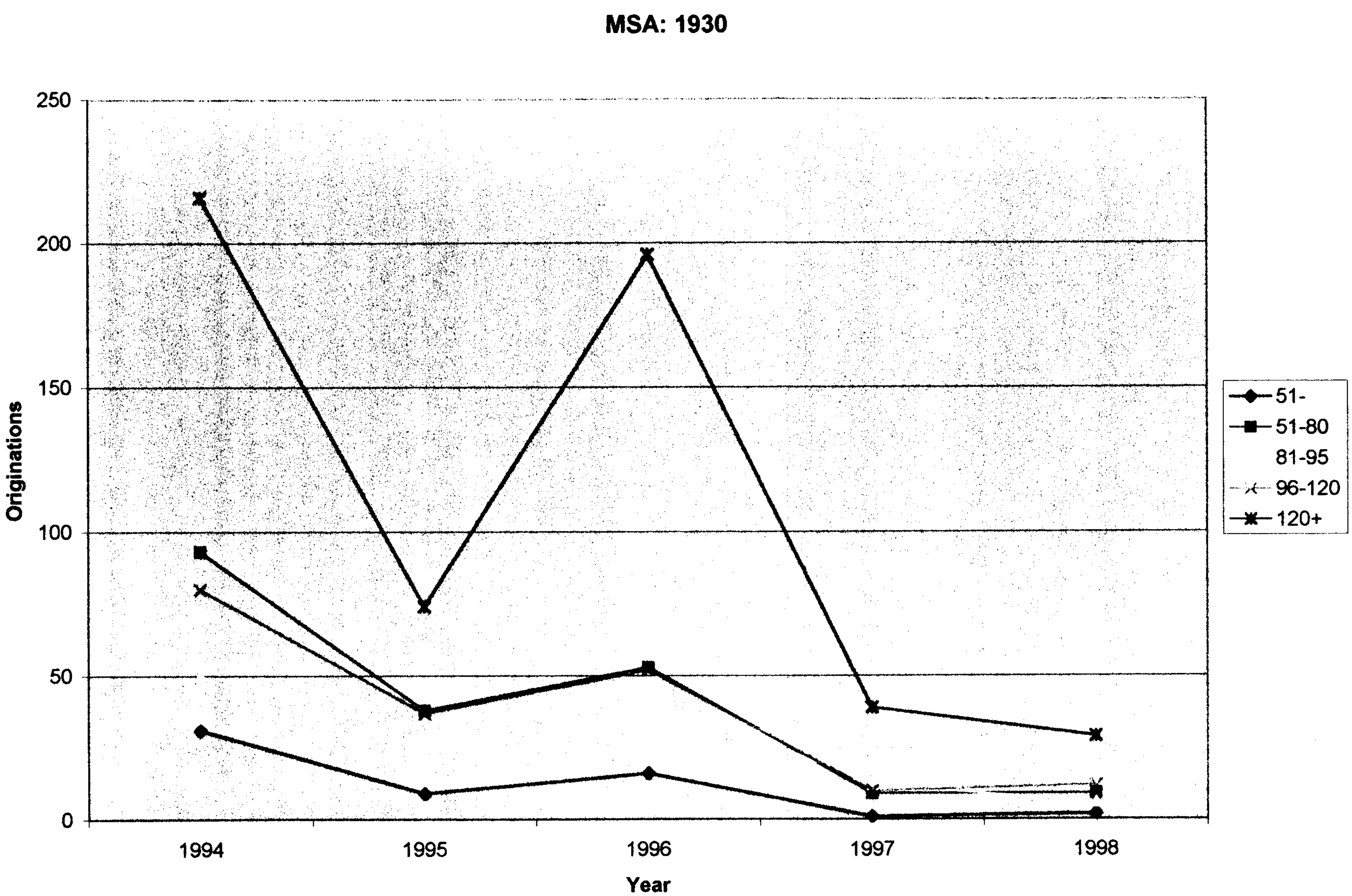
96-120
120+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1996
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Year
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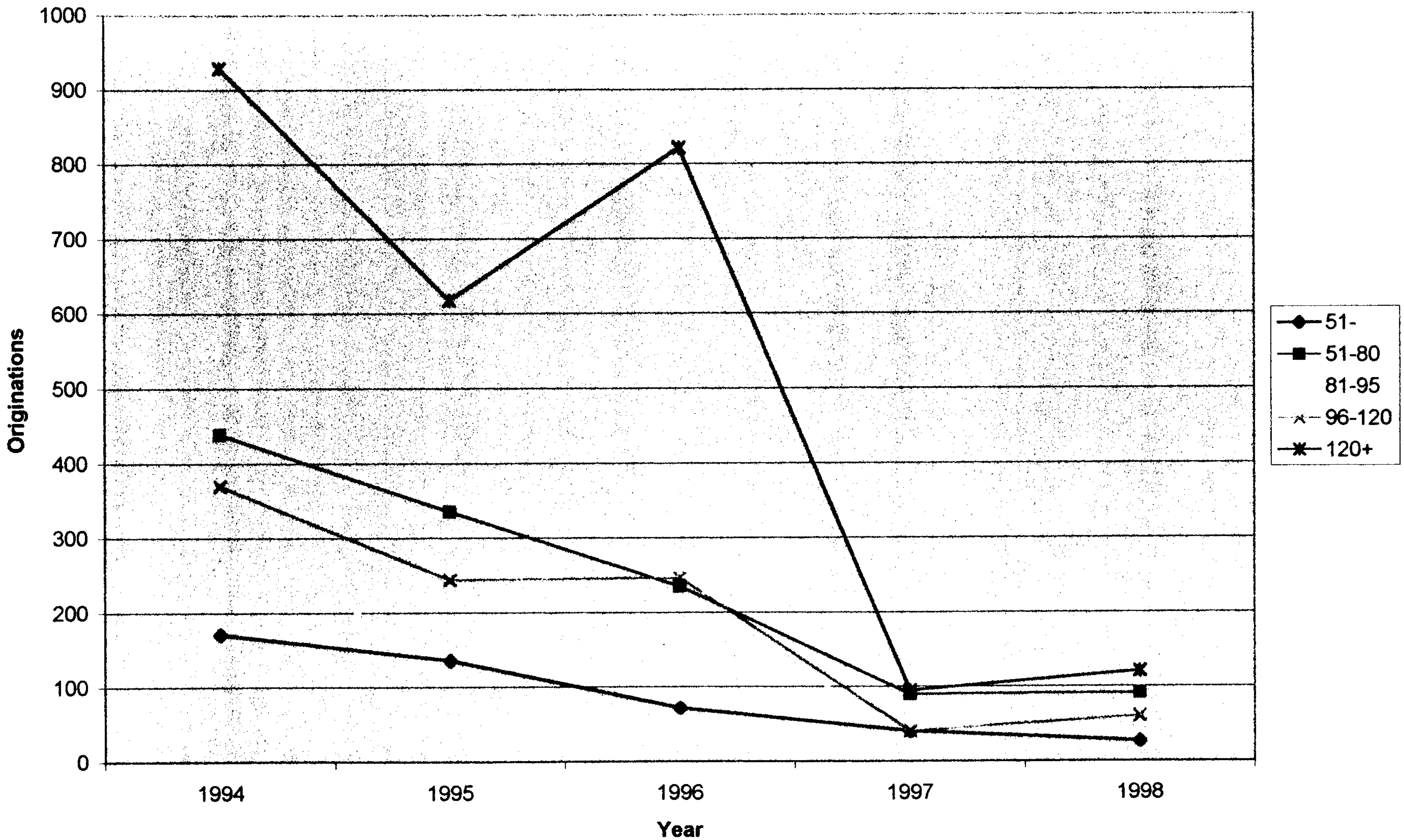
96-120
120+

MSA: 3280



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500
400
300
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100
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Originations
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1995
1996
1997
1998
Year
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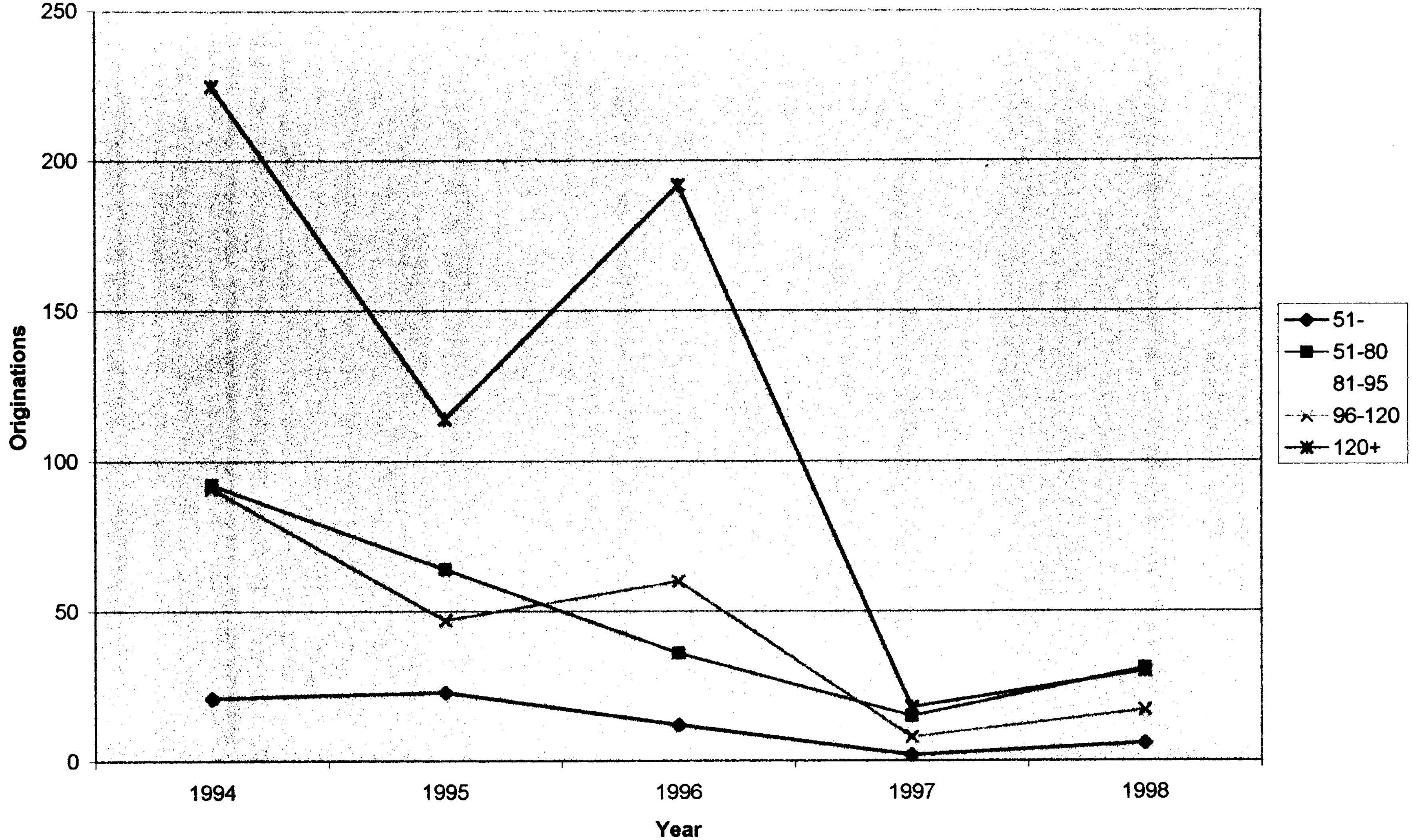
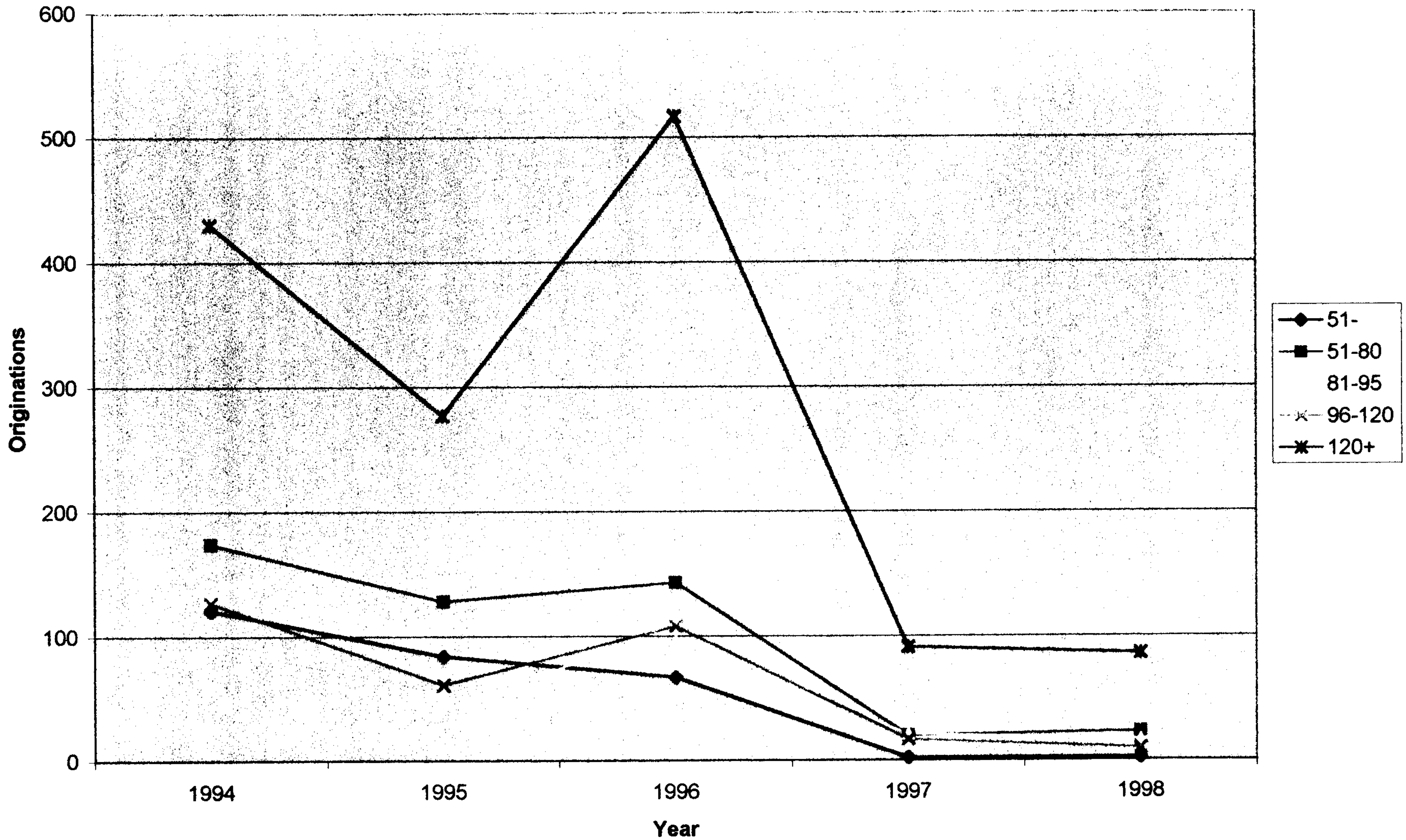
96-120
120+

MSA: 5520



Originations
250
200
150
100
50
0
1994
1995
1996
1997
1998
Year
51-
51-80
81-95
96-120
120+

MSA: 8040



Originations
600
500
400
300
200
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1994
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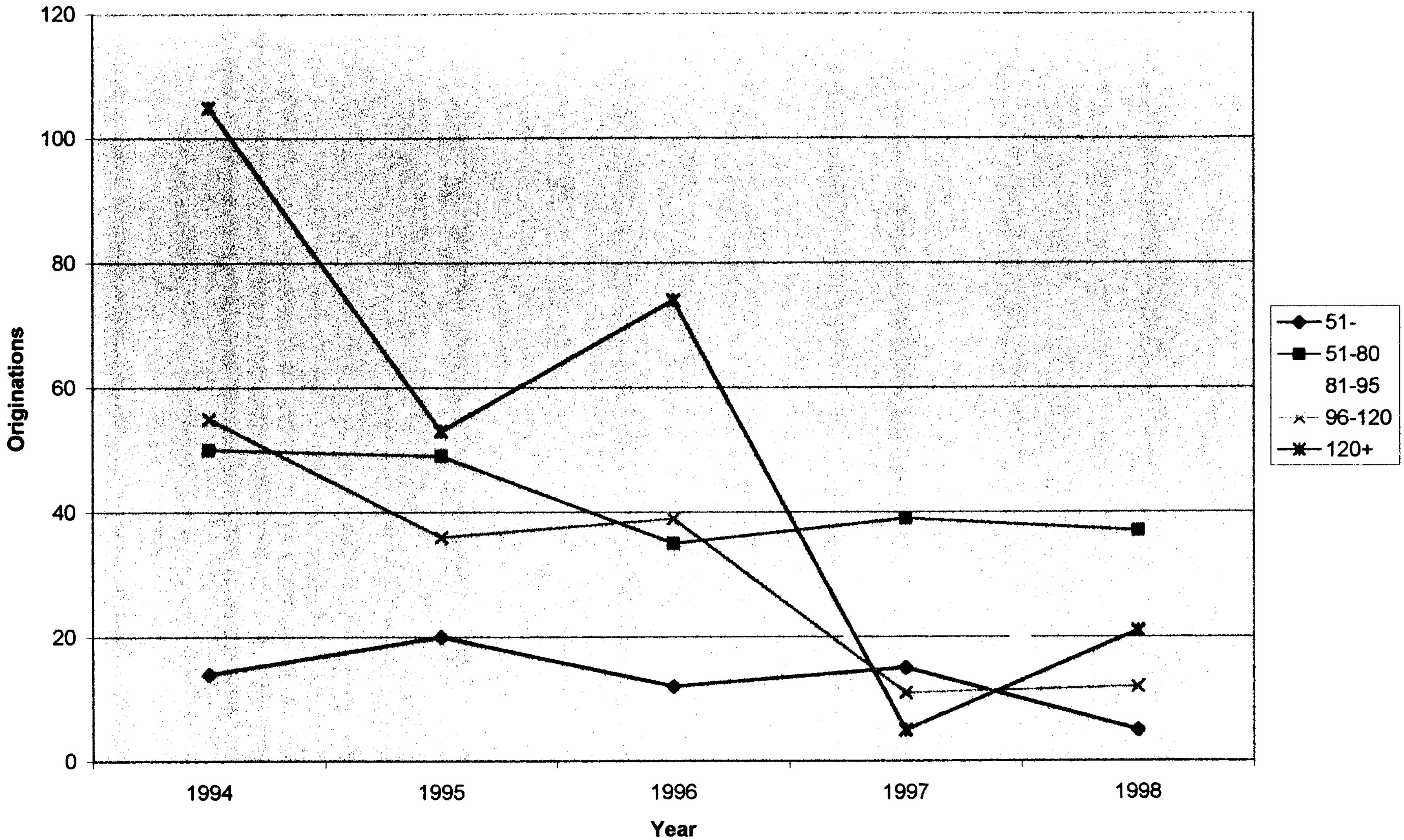
1998
Year
51-
51-80
81-95
96-120
120+

MSA: 8880



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Originations
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1998
Year
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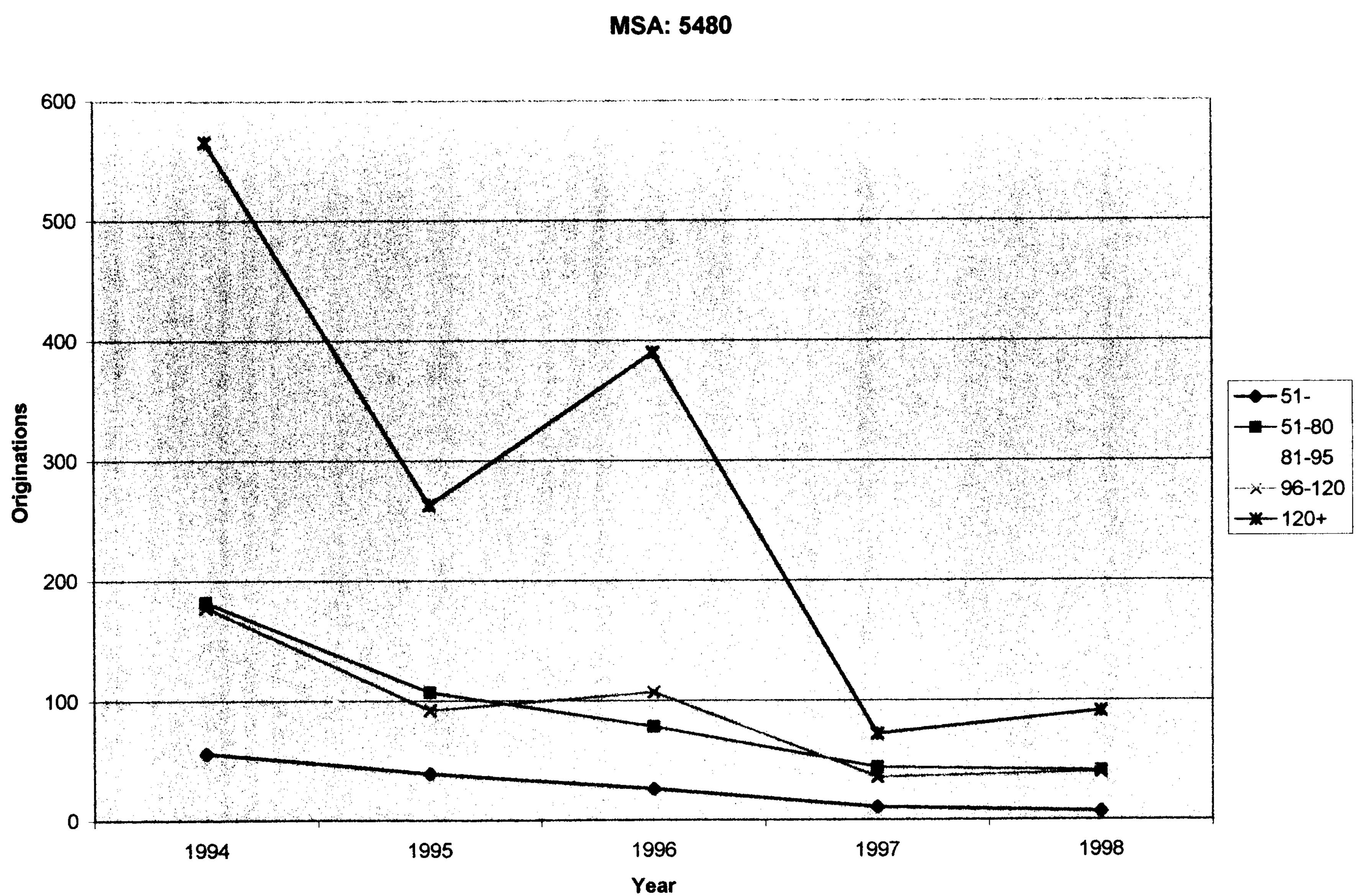
51-80
81-95
96-120
120+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200
100
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Originations
1994
1995
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1997
1998
Year
51-
51-80
81-95
96-120
120+

Exhibit D: BankBoston HMDA Graphs and Tables

1. BankBoston Originations by Race, 1994-1998 (2 pages)

2. BankBoston Home Mortgage Loans, CT, 1995-1997, African-American, Latino, LMI Households and Census Tracts

3-10. BankBoston Mortgage Loans, Statewide and MSAs 1160, 1930, 3280, 5480, 5520, 8040, 8880, 1994-1998, Originations by Race

11-18. BankBoston Mortgage Loans, Statewide and MSAs 1160, 1930, 3280, 5480, 5520, 8040, 8880, 1994-1998, Originations by Income Levels

Bank Boston Originations by Race

MSA: 1160						
Year	*Black*	*Latino*	*White*	*Unknown*	*Other*	*Total*
1994	17	7	55	6	6	91
1995	0	0	9	8	0	17
1996	10	13	51	3	3	80
1997	5	4	60	1	1	71
1998	3	11	82	4	5	105

MSA: 1930						
Year	*Black*	*Latino*	*White*	*Unknown*	*Other*	*Total*
1994	0	0	92	5	1	103
1995	0	1	2	4	0	7
1996	0	0	15	1	1	17
1997	0	0	5	0	1	6
1998	0	2	17	2	1	22

MSA: 3280						
Year	*Black*	*Latino*	*White*	*Unknown*	*Other*	*Total*
1994	23	8	189	57	11	288
1995	1	3	39	37	2	82
1996	43	19	148	35	13	258
1997	25	10	63	10	4	112
1998	41	30	160	26	11	268

MSA: 5480						
Year	*Black*	*Latino*	*White*	*Unknown*	*Other*	*Total*
1994	6	2	104	32	5	149
1995	1	1	29	15	1	47
1996	10	8	84	2	3	107
1997	6	3	44	5	2	60
1998	9	3	90	21	2	125

MSA: 5520						
Year	*Black*	*Latino*	*White*	*Unknown*	*Other*	*Total*
1994	0	0	27	1	2	30
1995	0	0	2	0	0	2
1996	1	0	28	2	0	31
1997	0	0	25	1	0	26
1998	0	0	34	4	1	39

MSA: 8040						
Year	*Black*	*Latino*	*White*	*Unknown*	*Other*	*Total*
1994	9	3	91	2	4	109
1995	0	0	1	1	0	2
1996	0	0	22	1	2	25
1997	1	1	10	6	1	19
1998	4	2	26	5	2	39

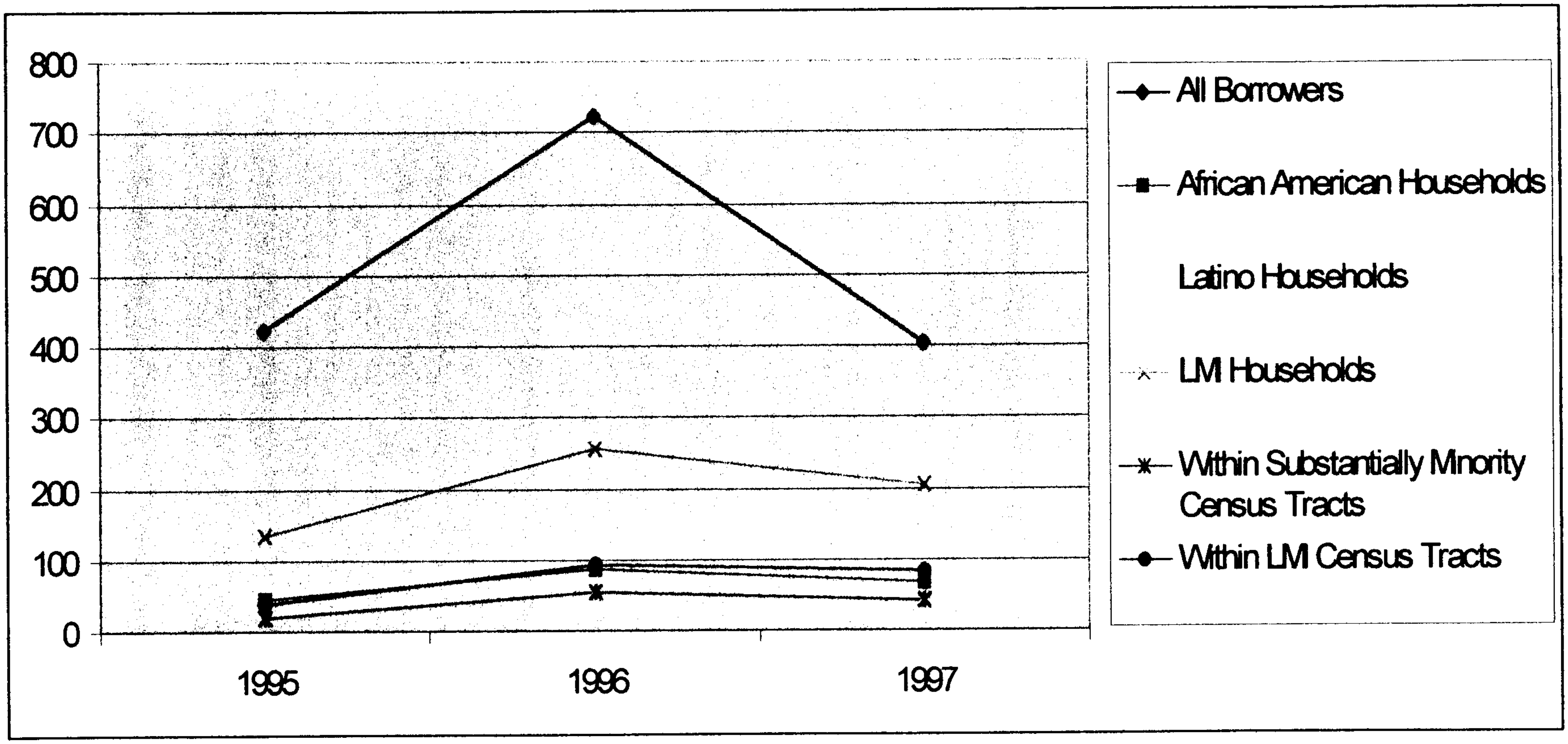
MSA: 8880						
Year	*Black*	*Latino*	*White*	*Unknown*	*Other*	*Total*
1994	6	1	73	19	1	100
1995	1	0	22	10	0	33
1996	5	5	40	1	3	54
1997	0	3	25	2	0	30
1998	4	3	64	10	1	82

State-wide						
Year	*Black*	*Latino*	*White*	*Unknown*	*Other*	*Total*
1994	61	21	631	122	30	870
1995	3	5	104	75	3	190
1996	69	45	388	45	25	572
1997	37	21	232	25	9	324
1998	61	51	473	72	23	680
1998	9%	8%	70%	11%	3%	

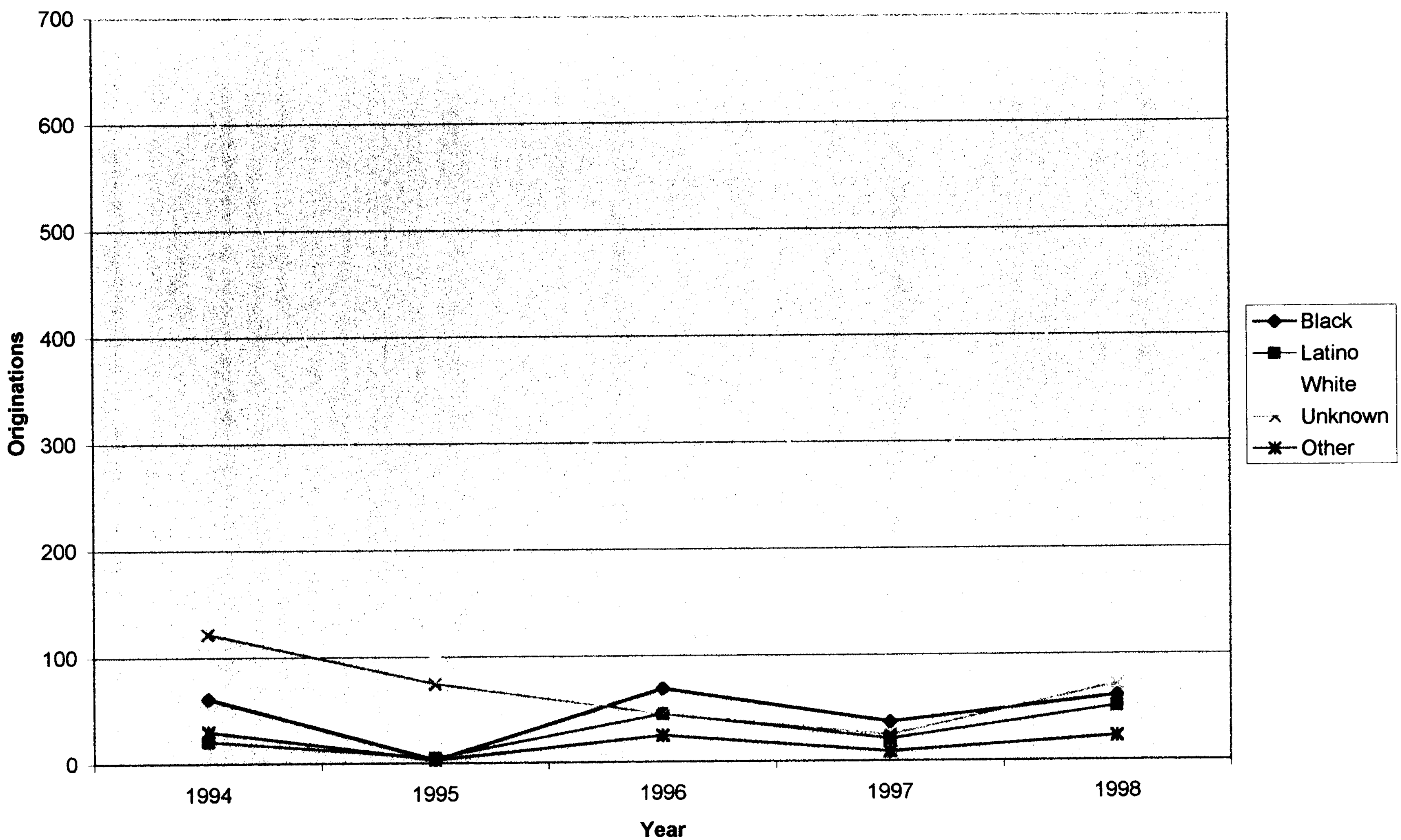
Bank Boston Home Mortgage Loans – CT

1995-1997

Source: FFIEC, HMDA data 1995, 1996, 1997



State-wide



700
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Originations
1994
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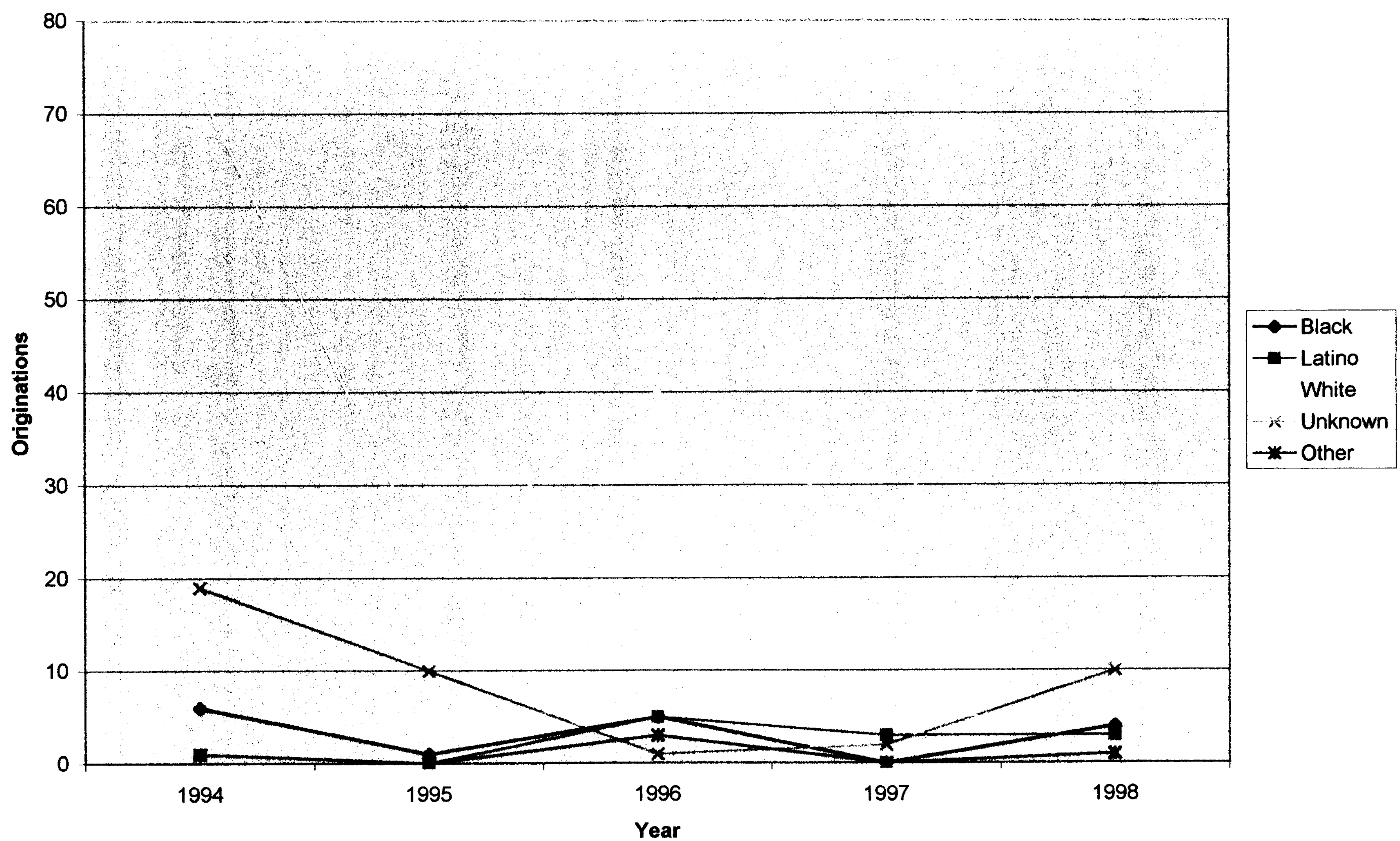
1997
1998
Year
Black
Latino
White
Unknown
Other

MSA: 8880



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1995
1996
1997
1998
Year
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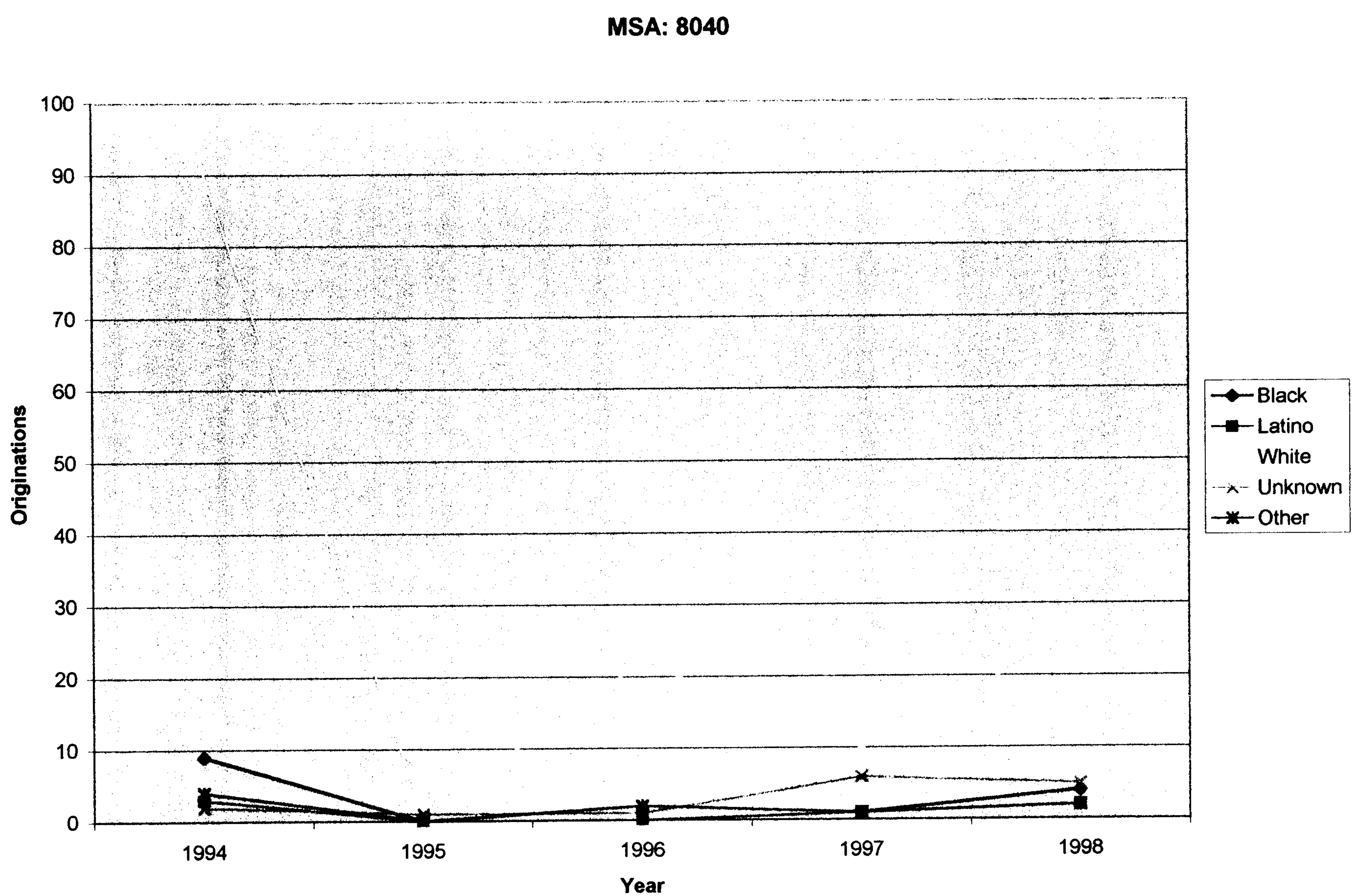
Latino
White
Unknown
Other



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Originations
100
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1994
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Black
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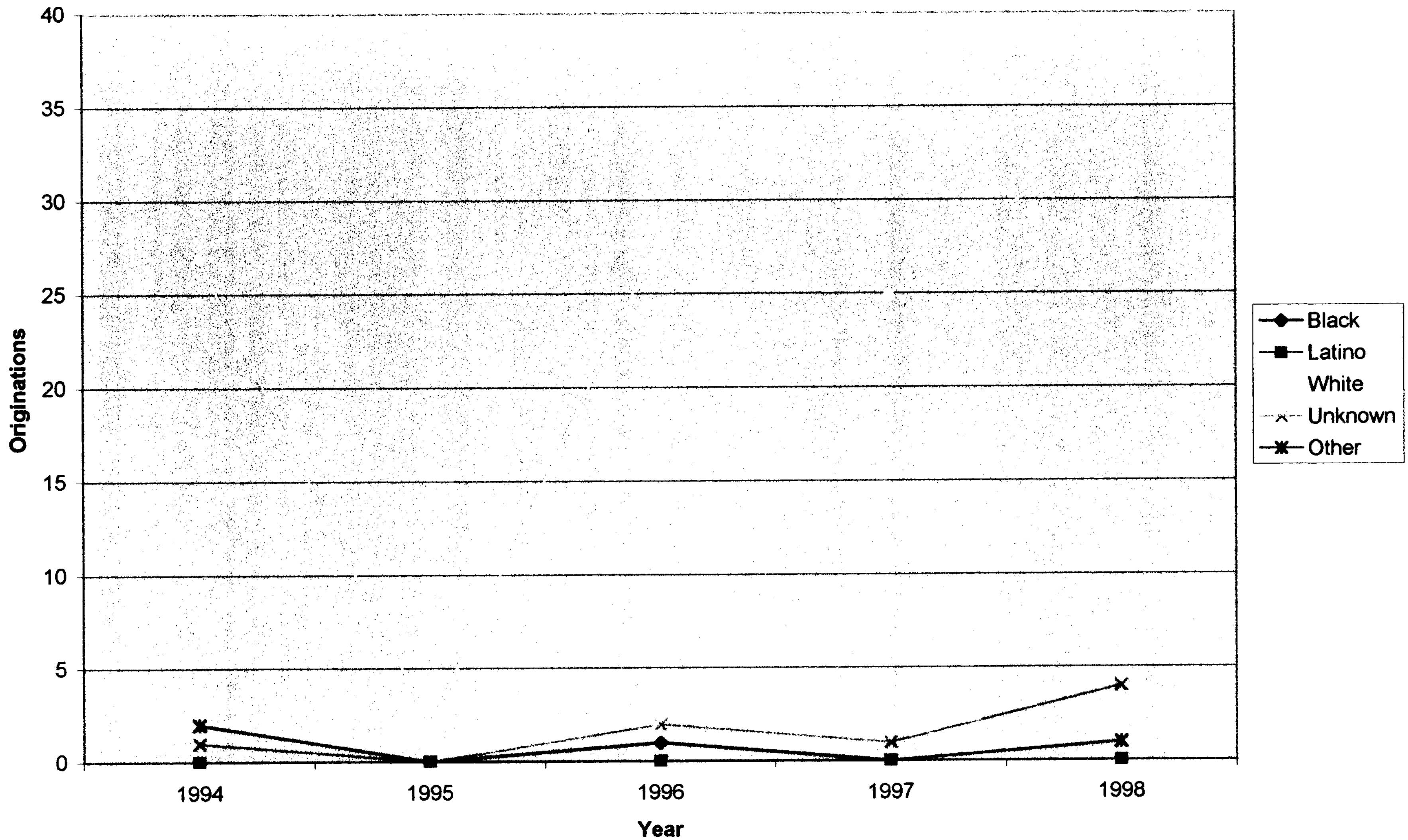
Other

MSA: 5520



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Originations
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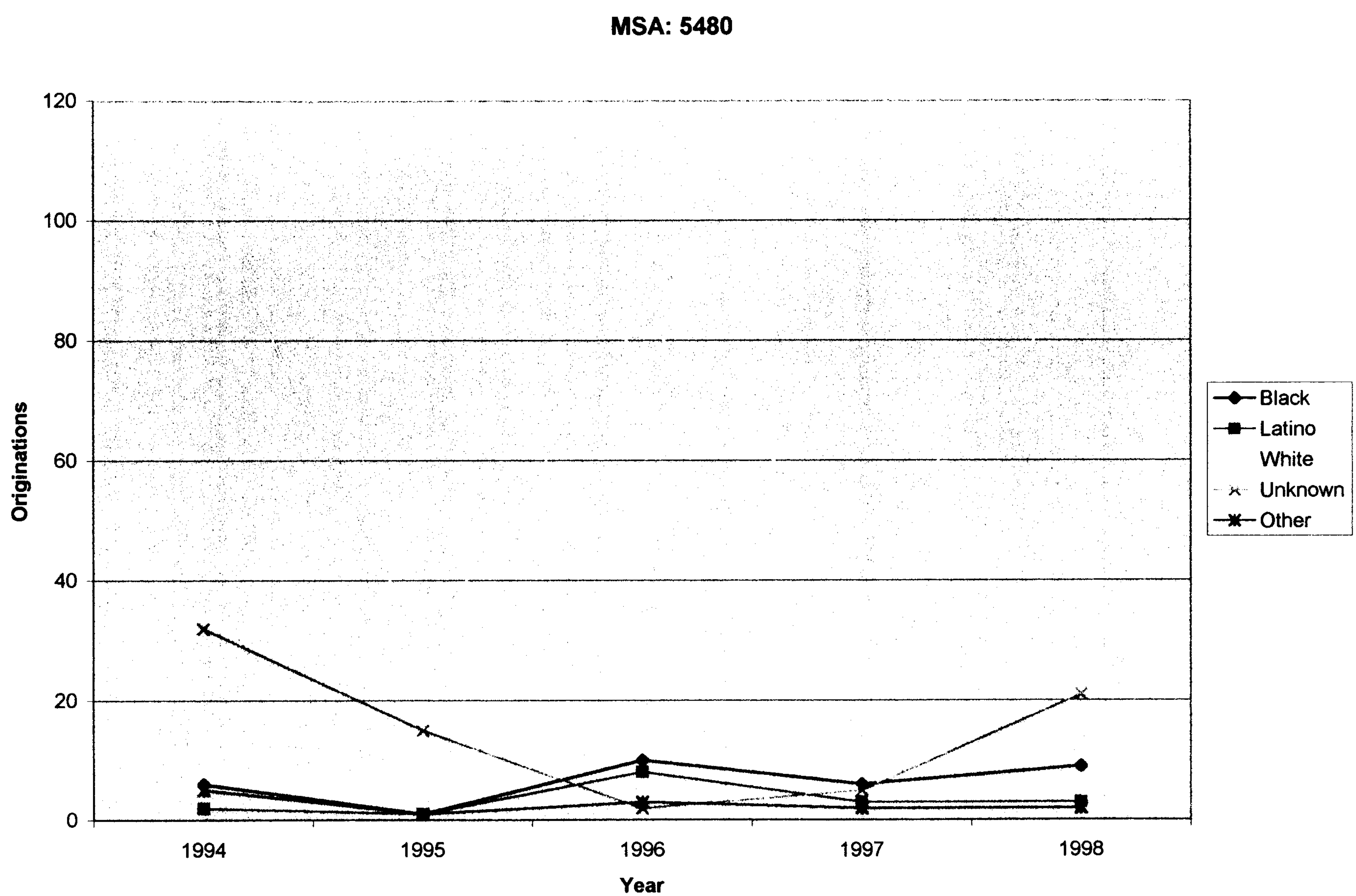
1995
1996
1997
1998
Year
Black
Latino
White
Unknown
Other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1995
1996
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1998
Year
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Latino
White
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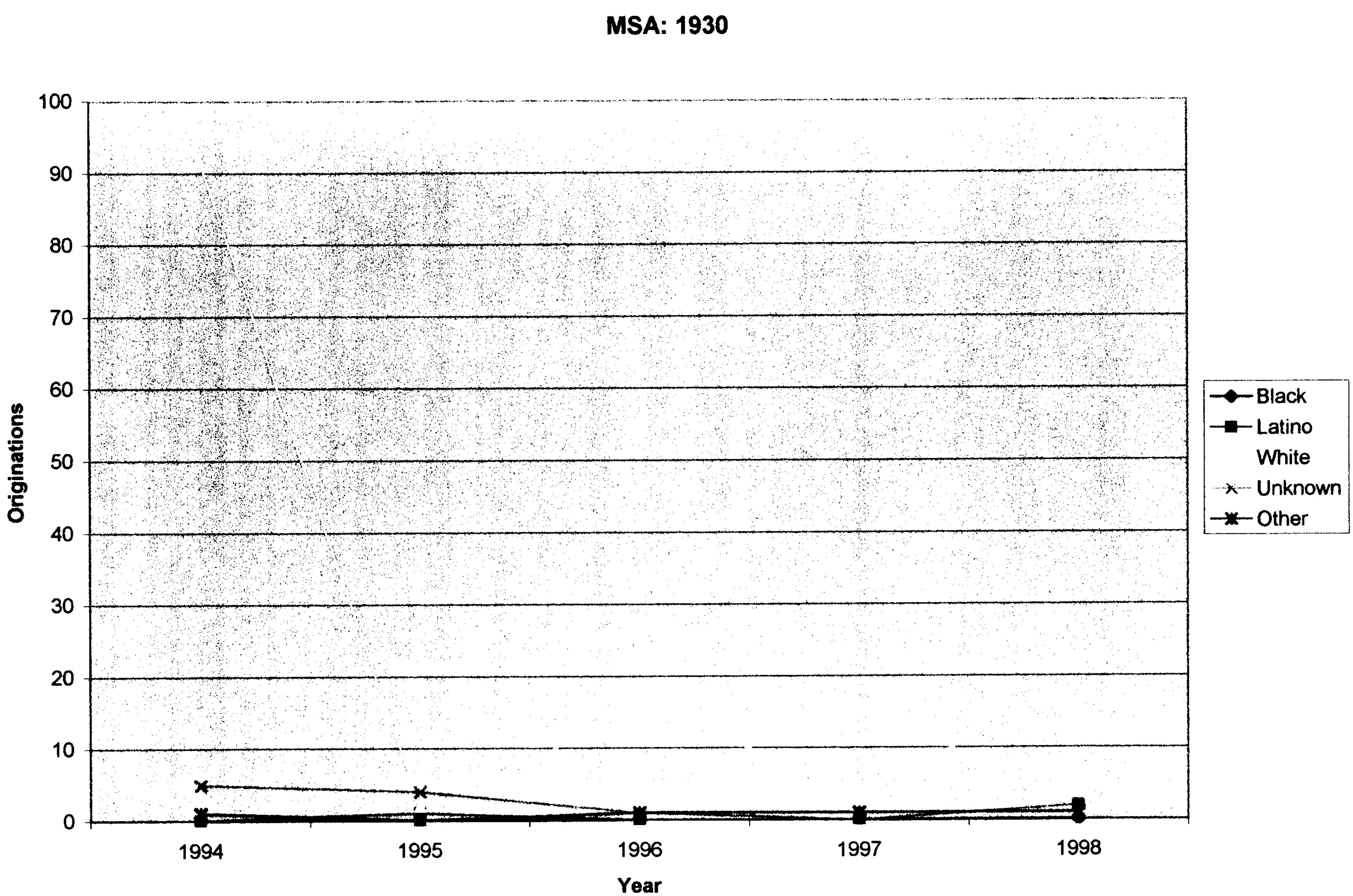
Other


MSA: 1930
Originations
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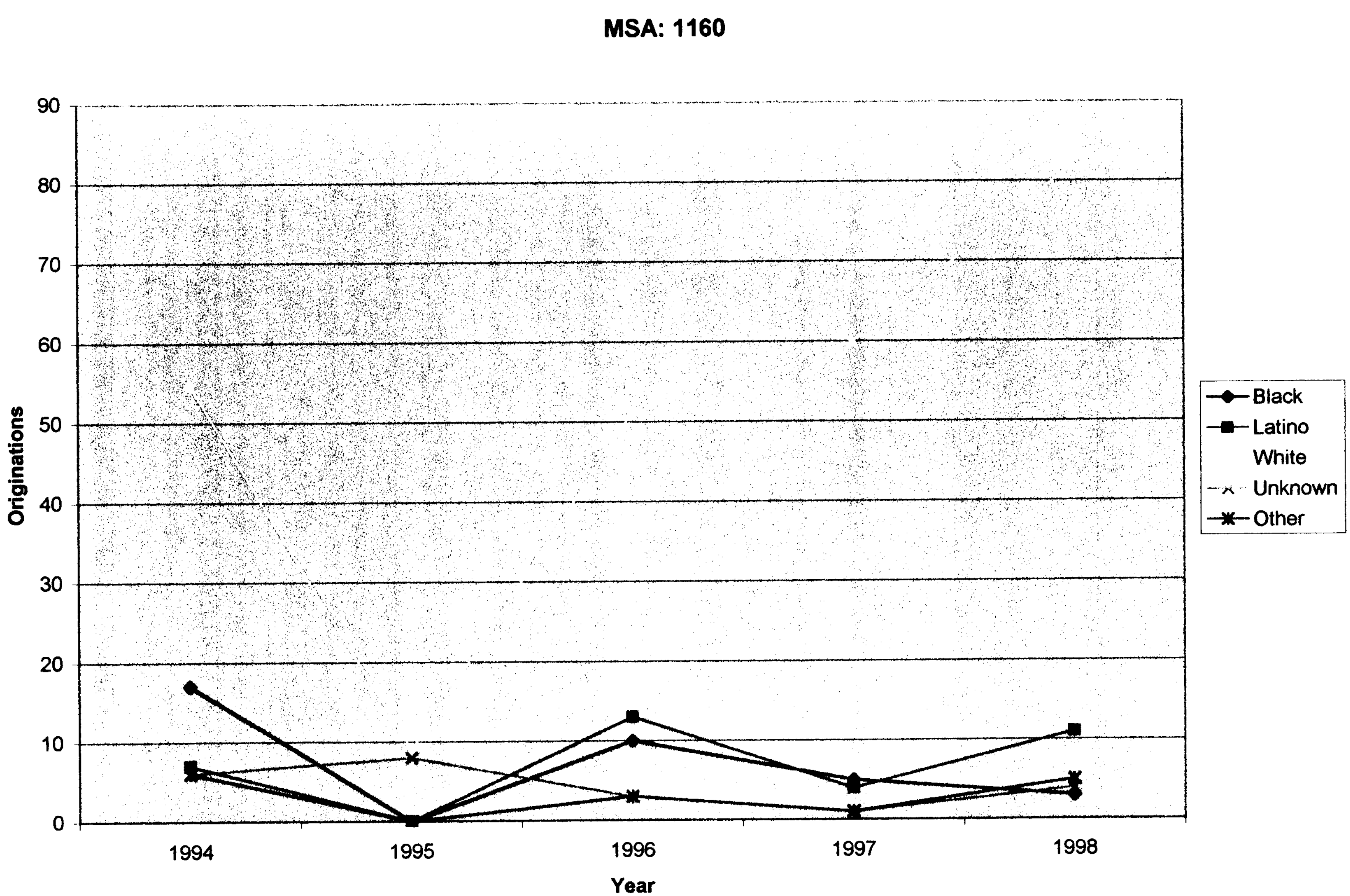
Black
Latino
White
Unknown
Other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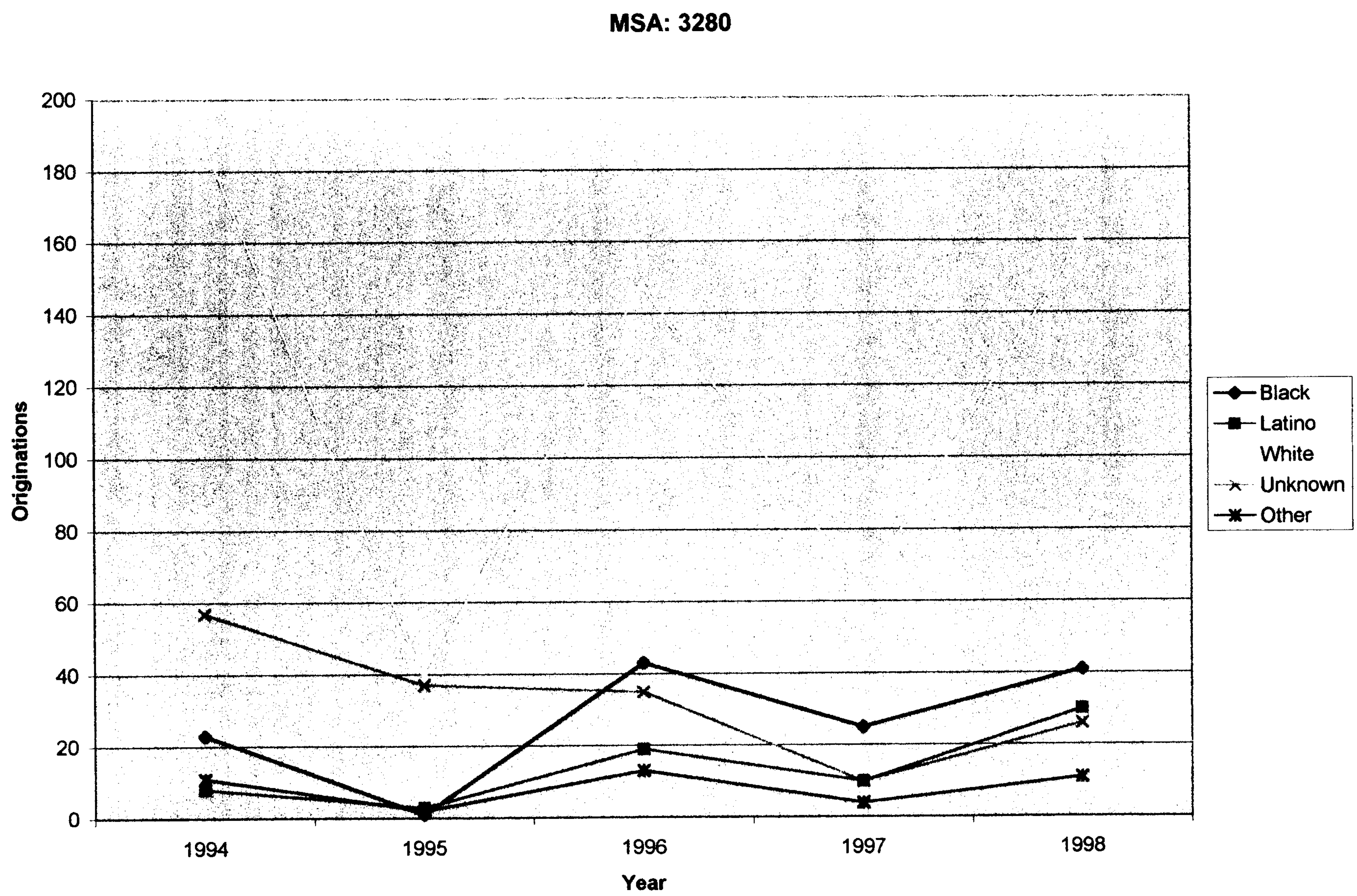
Other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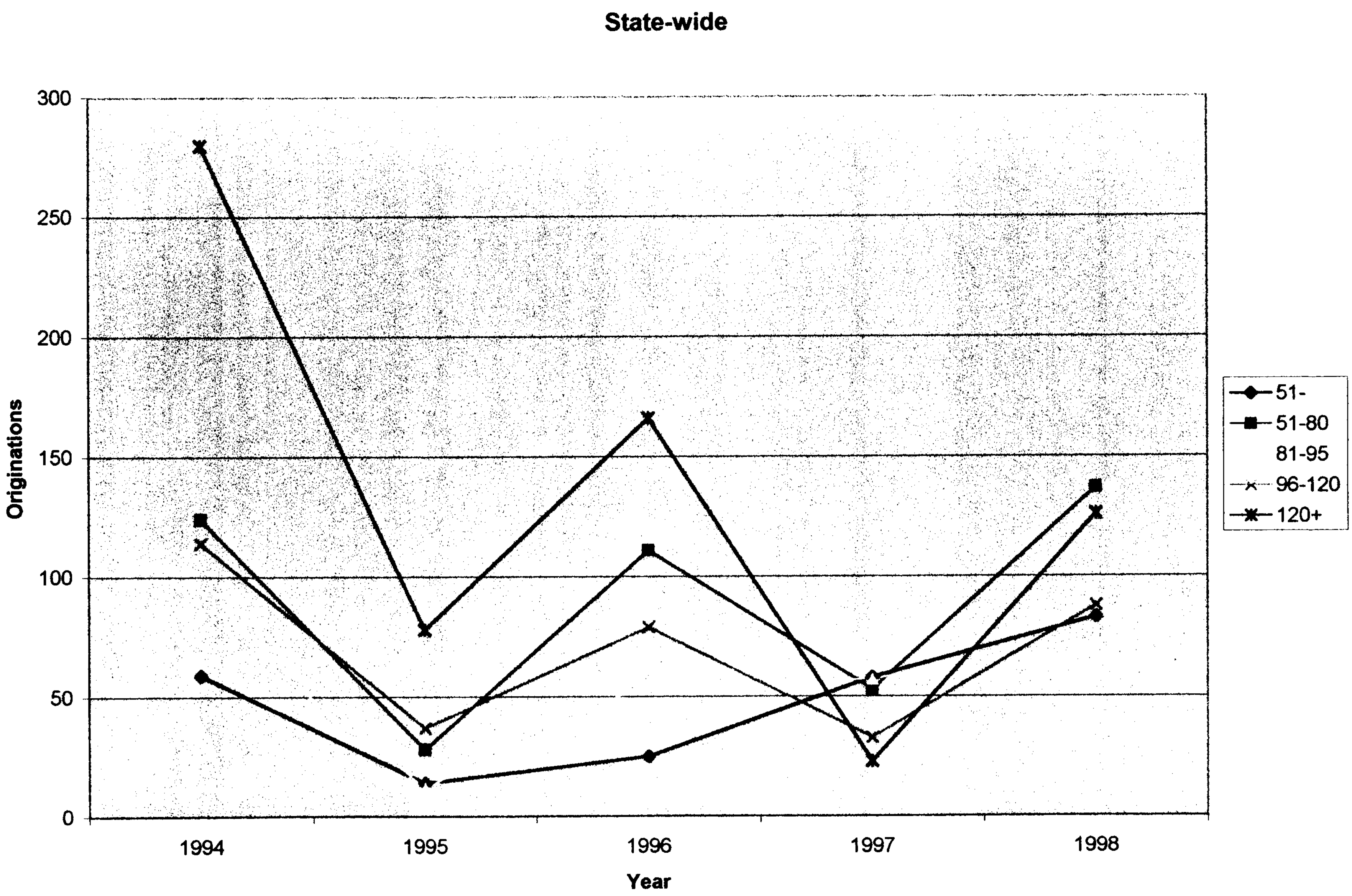
State-wide
Originations
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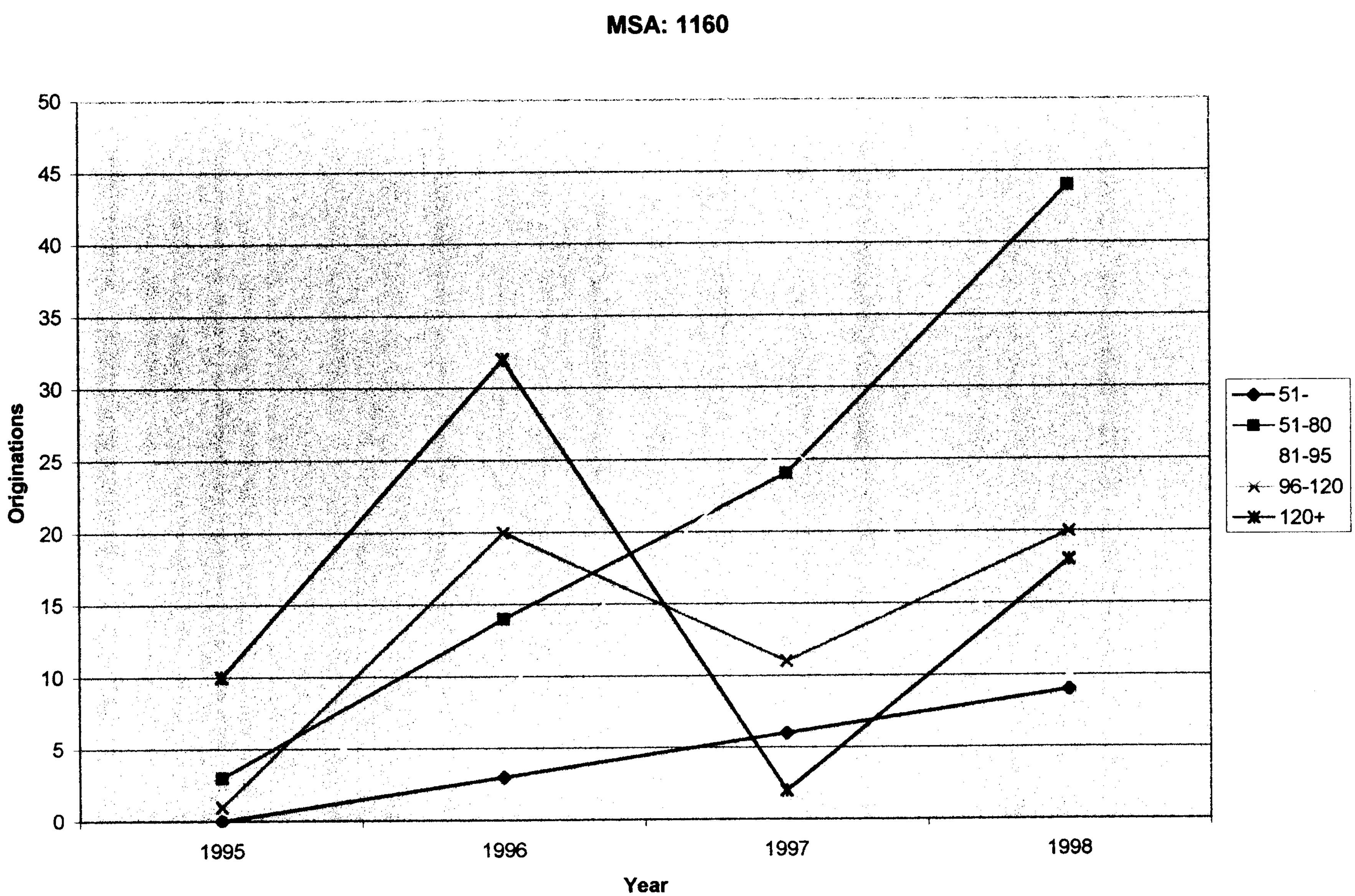
Year
51-
51-80
81-95
96-120
120+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Year
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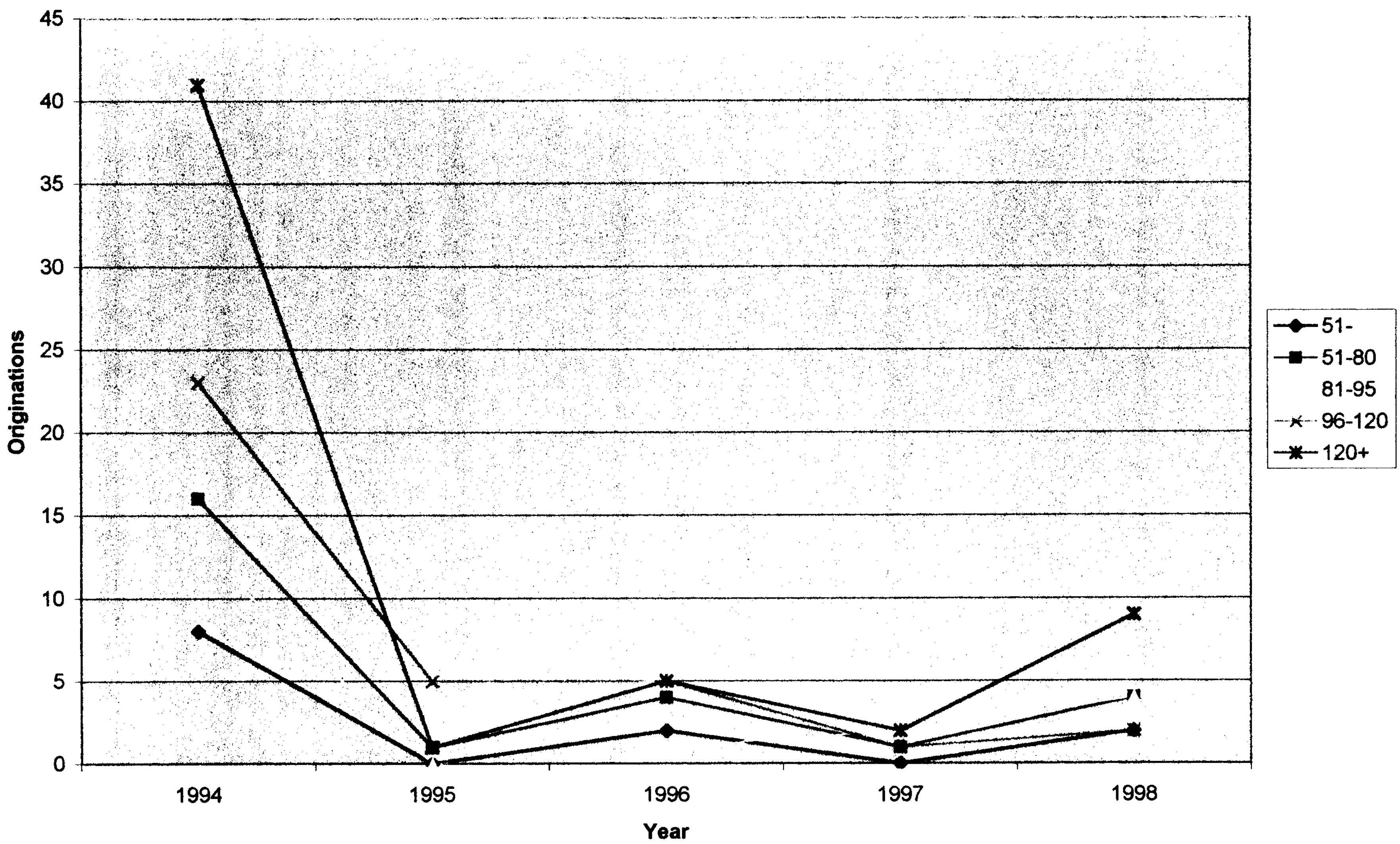
120+

MSA: 1930



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Originations
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Year
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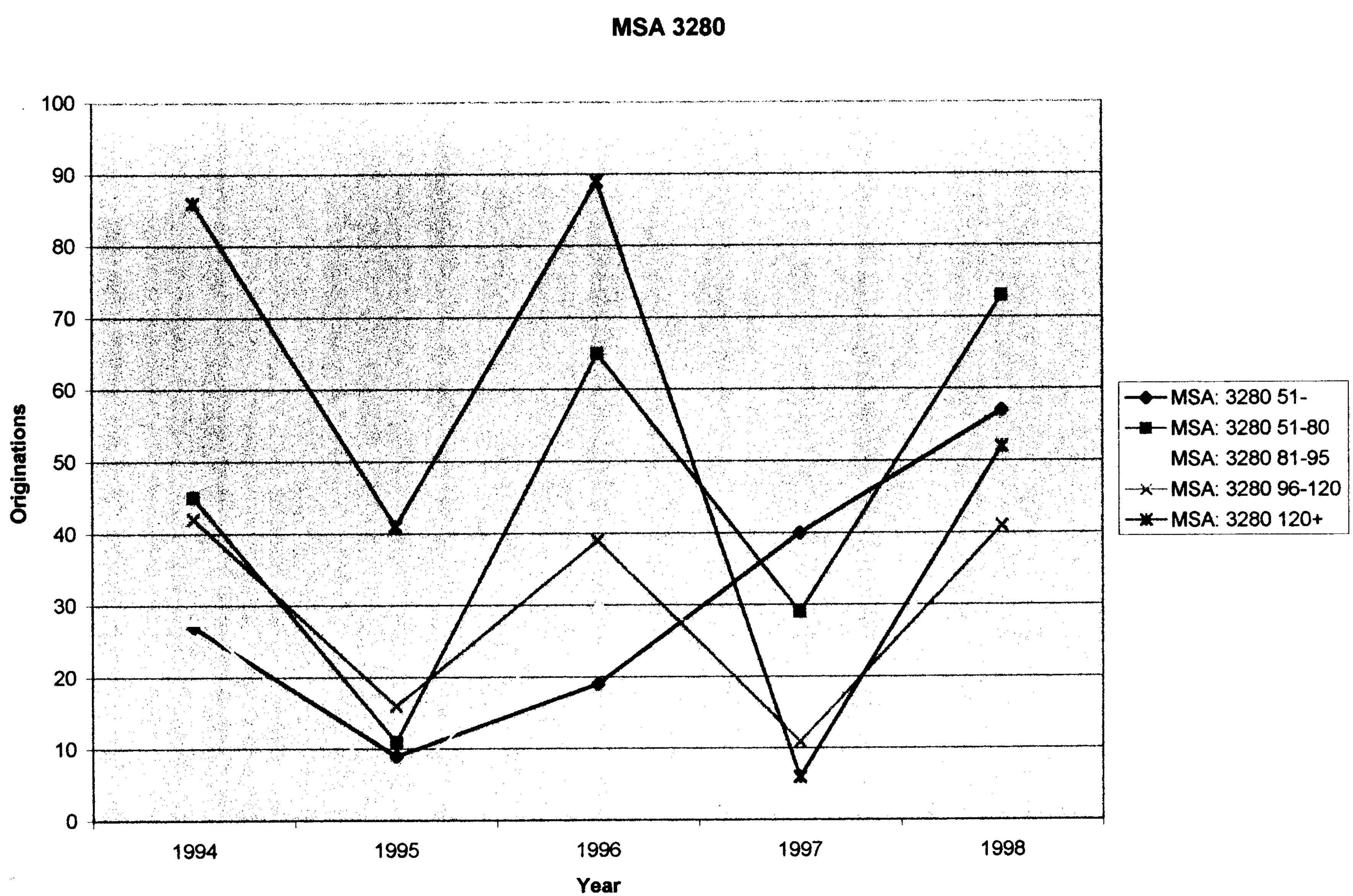
96-120
120+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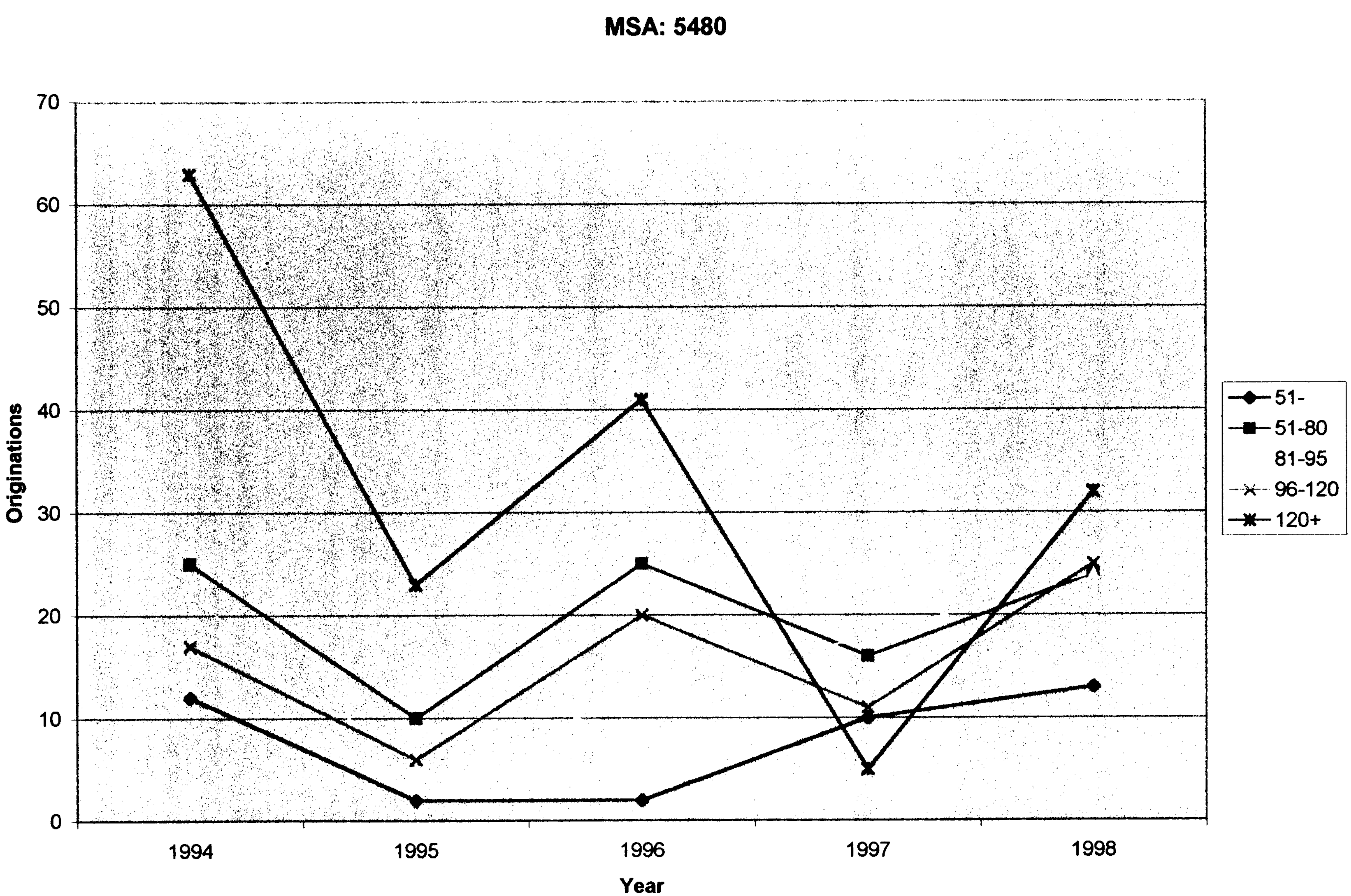
MSA: 3280 51-80
MSA: 3280 81-95
MSA: 3280 96-120
MSA: 3280 120+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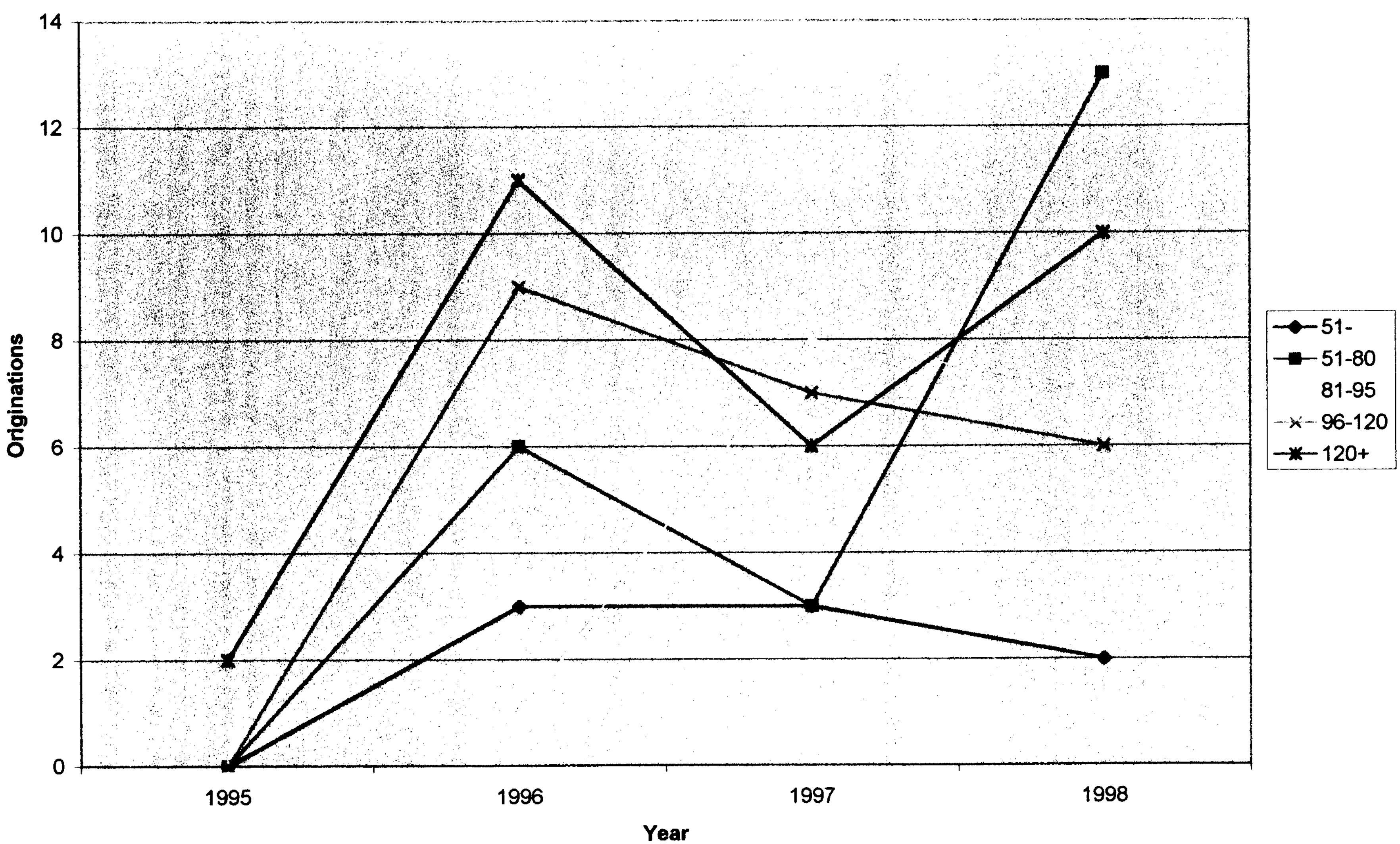
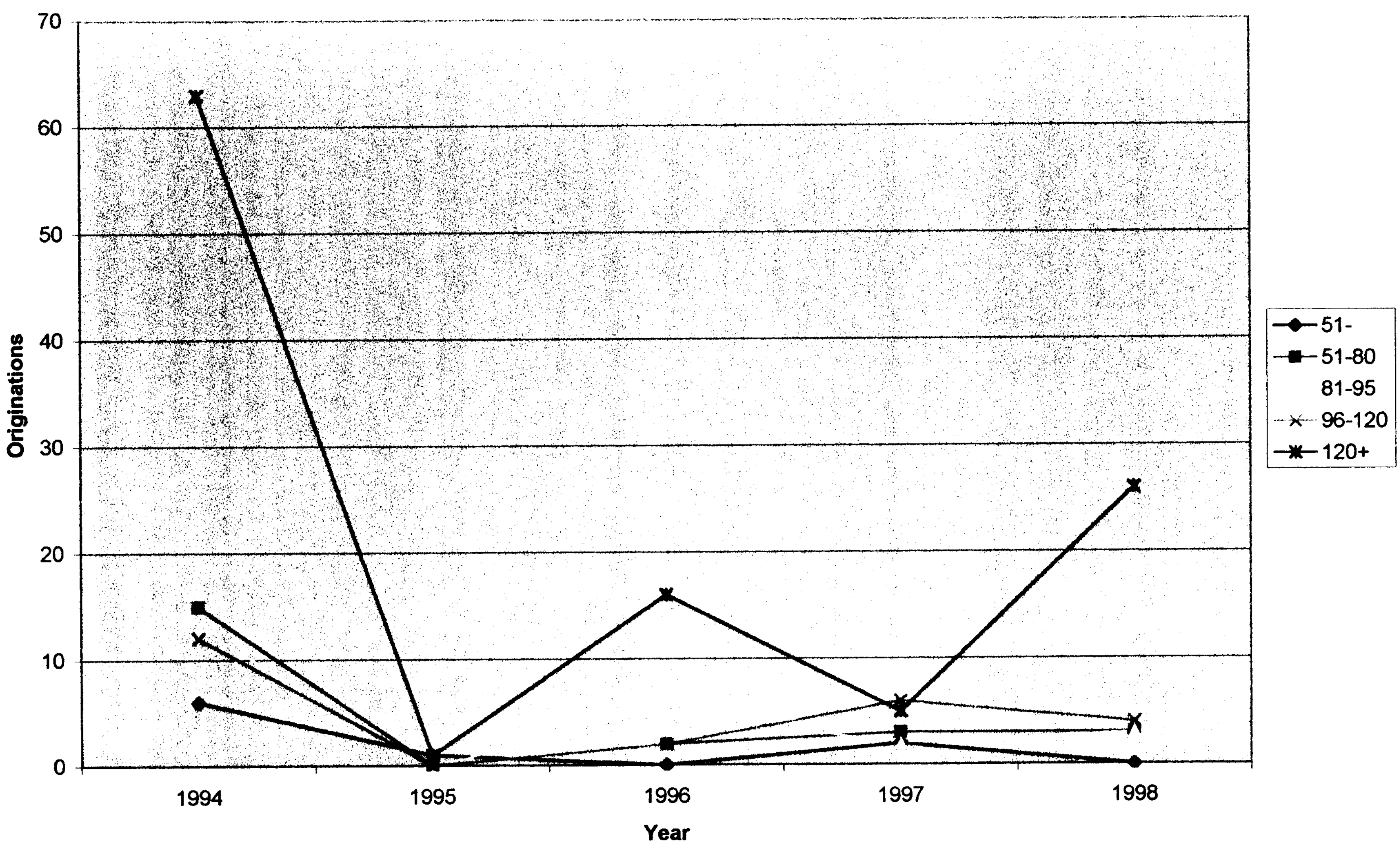
Originations
1994
1995
1996
1997
1998
Year
51-
51-80
81-95
96-120
120+

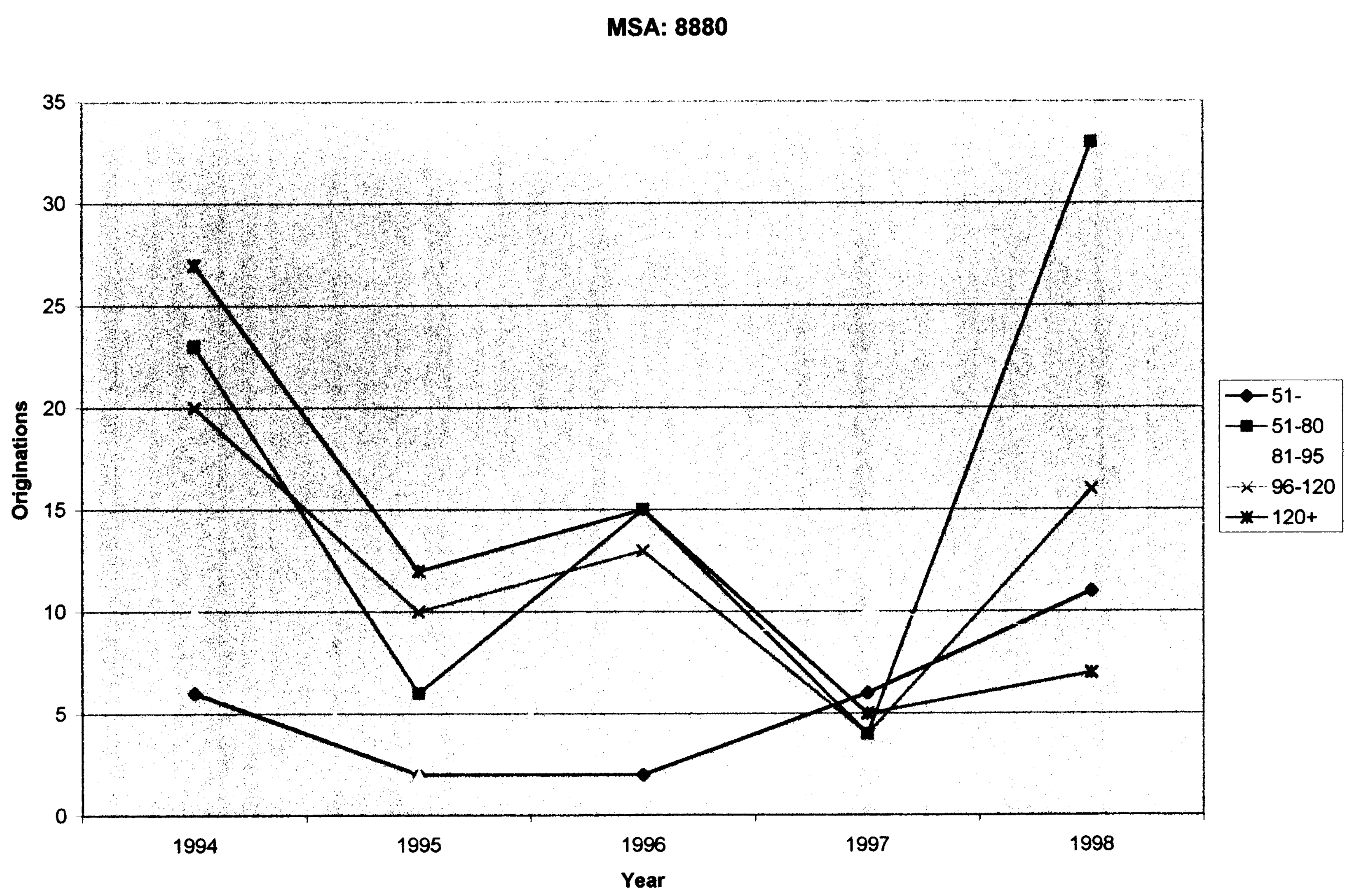
MSA: 5520


14
12
10
8
6
4
2
0
Originations
1995
1996
1997
1998
Year
51-
51-80
81-95
96-120
120+

MSA: 8040



70
60
50
40
30
20
10
0
Originations
1994
1995
1996
1997
1998
Year
51-
51-80
81-95
96-120
120+



MSA: 8880
Originations
35
30
25
20
15
10
5
0
1994
1995
1996
1997
1998
Year
51-
51-80
81-95
96-120
120+