

MAUDE HURD
MASSACHUSETTS

Good morning. My name is Maude Hurd and I am the National President of ACORN, the Association of Community Organizations for Reform Now. For those who don't know, ACORN is a grassroots community organization of over 125,000 low income members in 30 cities. ACORN members organize in their neighborhoods to fight discrimination and to win a voice in the policies and institutions affecting the low income community.

ACORN members have fought redlining and mortgage discrimination all across the country. We use the Home Mortgage Disclosure Act and Community Reinvestment Act to negotiate innovative agreements with banks that remedy past discrimination. Since we signed the first of these agreements in 1985, the ACORN Housing Program has worked with banks to put over 21,000 families into their own homes, valued at \$1.53 billion dollars. ACORN's program has also generated an additional \$4 billion dollars in low income community investment.

ACORN's housing program has won awards for its success in helping low income and minority borrowers successfully get and pay their mortgages. Our agreements with banks include progressive underwriting standards, intensive one-on-one housing counseling for borrowers, and, wherever possible, below-market interest rates.

Fleet signed an agreement to participate in the ACORN program in 1995, when they were buying Shawmut Bank. The agreement covered Massachusetts and Connecticut and has produced over 1,000 successful homeowners, and more than \$120 million dollars in mortgages. The program also increased access to homeownership for single parents, recent immigrants, lower income buyers, and people who don't qualify for traditional mortgage underwriting, but who still pay their bills and pay them on time.

The Fleet-ACORN partnership and programs like it have been crucial in bringing capital and credit into low income minority neighborhoods. For most Americans, homeownership is the single biggest source of wealth. It means the difference between living paycheck-to-paycheck and building equity for yourself and your family. Homeownership is even more crucial for the stability and economic growth of minority communities. Minority homeowners hold 75% of their wealth in home equity. The difference between owning and renting is staggering for African-

Americans: the average Black homeowner's net worth is \$48,300 dollars, while for the average renter it is only \$500 dollars.

Homeownership helps the homeowner, but it also helps the community. Homeowners are much more likely than renters or landlords to protect and improve their properties. There is more stability and less crime in neighborhoods of owner-occupied homes, and a greater involvement in community and civic activities of all kinds.

With ACORN's Fleet agreement and others like it, we were really starting to see a positive shift in rates of minority homeownership. In the early and mid 1990s, the percentage growth of minority homebuyers was greater than that of whites for the first time ever. These deals were helping our Massachusetts and Connecticut neighborhoods achieve the American Dream of homeownership, while helping Fleet gain significant market share in minority lending.

But as the 90s draw to a close, we are starting to see a downward trend in lending to minority and low income census tracts. As banks like Fleet get bigger and less accountable to local communities, they walk away from innovative programs and begin to use cookie-cutter formulas that try to fit everyone into a white-middle-class ideal of good credit. Sometimes they even get encouragement from Washington, as the conservative Congress tries to dismantle the Community Reinvestment Act.

If this merger proceeds, Fleet will be the biggest mortgage player by far in Boston, Bridgeport, and many other cities across the Northeast. When they turn their back on the programs that brought in 30%-80% of their minority lending business in recent years, they are turning their backs on our communities. And let me tell you--without these kinds of programs, our neighborhoods don't stand a chance.

If Fleet turns their back on the ACORN program, their record in Boston is likely to go as low as it has in other cities. Over the last ten years, Fleet has been showing an alarming trend: each time the bank merges it decreases its community reinvestment work. Fleet's CRA ratings have been going down in recent years, even when the banks they acquire have a grade of "Outstanding." It happened with Northstar in 1991, and NatWest in 1994. These banks were high quality community lenders, but since acquiring them Fleet entities have remained in the "Satisfactory" to "Low Satisfactory" range and slipping.

Our communities cannot afford to have history repeat itself as Fleet swallows up yet another bank without making concrete commitments to continue lending in low income and minority neighborhoods. I call upon the Federal Reserve to delay this

merger until Fleet can prove that it will meet its investment obligations to our communities.

Thank you.

LUCY MATEO
CONNECTICUT

Hello. My name is Lucy Mateo. And just last week my husband and I achieved the American Dream of homeownership, thanks to the Fleet-ACORN partnership.

I always wanted a home of my own, and my husband and I had saved and budgeted for years to afford a downpayment. I worked hard at my job as a machine operator at Ericsson and got overtime whenever I could so we could save more. But then when my husband got sick last winter, all our savings were wiped out paying for doctors and hospital bills. It was so painful to get behind with our bills--I could either put food on the table or keep our debts from going to collection agencies. I was so swamped with hospital bills that I got behind in everything because I just could not make ends meet. I thought I would have to kiss my dream goodbye.

But thanks to the ACORN program with Fleet, that wasn't necessary. No other bank would have touched this loan, but with the ACORN Housing loan counseling program I had a chance. I worked with my loan counselor to develop a payment plan for our debts. He helped me write two letters explaining our situation and showing that we could be a good credit risk. He also talked to the loan officers at Fleet on our behalf. They knew him and trusted him from the relationships they had built up over the years, so his support really helped.

Because of the ACORN Program, Fleet took a careful look at our application and decided we qualified for a loan. And last week we closed on our beautiful new home.

If Fleet walks away from their partnership with ACORN, I am very worried that other families like ours will not receive the compassion and understanding that they need. Without a community program like the ACORN program, your loan application just gets shipped out of state, or decided by a credit score that you have no hope of affecting, even if you have special circumstances like mine. We were able to achieve the American Dream because we had access to Fleet. But when they turn their backs on the community, that access will be gone and many, many low income and minority families will be locked out in the cold.

Please do not approve this merger without requiring Fleet to continue its program with ACORN. This program was our only chance--and it is the only chance for many others as well.

Thank you.

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LORI BROWN
CONNECTICUT

Hello. My name is Lori Brown and I live in Bridgeport, Connecticut. I got my home through the Fleet program with ACORN. A few years ago, I was living in a tiny, illegal 3-room apartment as a single mother. I couldn't afford a real two-bedroom apartment, but I knew that if I could just buy a two-family home, I would be able to use the rental income to bring down my mortgage payments to a level I could handle. But I couldn't get a bank to give me a loan--I had some credit issues and was self-employed, so even though I made decent money, no one wanted to look at me. Only the Fleet program with ACORN would help me out when no other bank would give me a loan. Thanks to the ACORN program, my child and I are living today in our own home, on a quiet street, where lots of people are homeowners and really care about keeping up the neighborhood.

I own my own home today, and my daughter has a safe place to grow up, because Fleet agreed to look at my loan application when no one else would. Through the ACORN Housing Program, Fleet didn't try to fit me into a cookie-cutter pattern of what I was supposed to be. Fleet took a closer look.

I also used to work for ACORN Housing Corporation as a loan counselor. And I saw how Fleet treated people like me when the bank was part of the ACORN partnership: they took a closer look.

Most banks use credit scoring to decide if they want to make a loan. They ask everyone the same questions and run the credit report and send all those numbers out of state and come back with a yes or a no. Well, in our low income and minority neighborhoods, it was mostly no. But the ACORN and Fleet partnership took a closer look. They looked at things that don't go into a credit score, but that make a world of difference in your application. They looked at my plan to use the income from renting out one apartment in a two-family home to help pay my mortgage. They looked at how I had a great record of paying my rent and utility bills on time, and how I had cleaned up my credit.

Through the ACORN Housing program, Fleet also took a closer look at why a lot of other people from Connecticut's low income minority communities can't get loans. For example, when you live paycheck to paycheck you can pay all your bills and put food on the table for your kids, but not have a ton of money in your savings account. The Fleet and ACORN program took a closer look and would let you have non-owner-occupant co-borrowers, so your parents or relatives could help you with

your payments. They took a closer look and let you put one percent down of your own money and four percent from a gift. They took a closer look and let you use all kinds of non-traditional credit to prove that you were good at paying what you owe.

When they worked with the ACORN program, Fleet also took a closer look at being a team player. They kept in touch with the ACORN Housing loan counselors, case by case. If it looked like there was going to be a problem with an application, they would come and talk to us so we could work through the issues with the buyer.

When Fleet began to partner with ACORN Housing, they took a closer look at my community--and we needed help and we were glad to get it. That's why ACORN Housing did almost 300 loans with Fleet in 1996 in Connecticut. And these loans have worked. I know I'm paying my mortgage payments every month and on time. And almost every one of the clients I counseled is doing the same.

We never heard complaints from Fleet about the loans or about our clients. So when I heard that Fleet was going to walk away from this partnership, I was shocked.

So now I'm asking Fleet to stop and take a closer look. Fleet's partnership with ACORN Housing accounted for more than 66% of loans to Blacks and Latinos in Bridgeport in 1996, and almost 80% of loans to Blacks and Latinos in Stamford and Norwalk. In other words, out of a total of 142 loans to Blacks and Latinos in Bridgeport in 1996, ACORN Housing's partnership with Fleet was responsible for 94 loans. In the Stamford-Norwalk area in the same year, ACORN did 30 of Fleet's 38 mortgages to Blacks and Latinos. What's more, ACORN Housing accounted for nearly 50% of Fleet's conventional loans to ALL buyers in each of these cities. 50% of ALL buyers! And, in 1997, the ACORN Housing Program was responsible for over 60% of Fleet's lending to Blacks and Latinos again in Bridgeport, and 55% of lending to Blacks and Latinos in New Haven.

Why would Fleet want to walk away when two-thirds or more of their loans to Blacks and Latinos are being done through this program? After all Fleet has learned about how to make loans that benefit both the bank *and* the community, why are they going backwards? Especially when they're estimating \$400 million in profit?

Finally, I'm asking the Federal Reserve to take a closer look. We oppose the Fleet-BankBoston merger if Fleet is going to walk away from this community partnership that accounts for so much of their lending to low income and minority neighborhoods. They want to get bigger and make even more in profits, while they leave our communities behind.

Take a closer look--Fleet should not be allowed to increase their size without increasing their community commitment. I ask you to oppose this merger.

GWENDOLYN JACOBS
NEW YORK

Hello. My name is Gwendolyn Jacobs and I am the president of ACORN's New York Chapter.

New York City must have every bank there is. There are so many corporate headquarters and there is so much money changing hands. But not where I live, in Brownsville, in Brooklyn. Where I live it is hard to find a good bank. There weren't too many to start with, and since they all started merging, there are even fewer. Because of this, people in neighborhoods like Brownsville don't have checking accounts, they go to check cashing stores. There's no local branch of a respectable commercial bank to ask for a loan. So instead we're prey to B&C Lenders.

Fleet has had a dialog with ACORN about the banking problems faced by low and moderate income people in New York. But they have not helped us address them.

Before we had discussed doing any programs with Fleet, we had a valuable relationship with NatWest, which gave good loans to minority residents of New York. ACORN had a highly successful underwriting program and then we negotiated a mortgage program offering loans at 1% below the market interest rate. We were helping NatWest target populations that were new to them, break into the large underserved Latino community, and build relationships with other community groups and with local minority churches.

Then Fleet acquired them and it all ended. We in the New York office were led on to believe that these programs and our relationship would be unaffected. At the time of the merger they told us that all that would change was the stationery. But after the acquisition was complete, we were told that they didn't need our "product," that they were covered.

Well we've followed Fleet since then, and in fact they don't have products that match the NatWest programs that were in place. Fleet has been terrible about providing communities with the services prescribed by CRA. It's hard to provide services to a community when you don't have a branch there. In New York, Fleet has 39 branches and only 4 of them are in predominantly African-American or Latino communities.

New York State has a law that requires banks to offer "lifeline" or "basic banking" accounts. A few months ago, when ACORN members went to those four branches

to ask about opening accounts, none of them was told about a lifeline account. When members asked about lifeline accounts, they were met with blank stares. They were instead offered accounts with a higher opening balance requirement and unreasonable fees.

So ACORN went to Fleet so we could get this fixed. The New York State law was on our side and Fleet claimed to be on our side too. We met with them and asked them about their lifeline account. We knew that they offered it because it is in their pamphlets. So why didn't the employees working in their banks know about it? Why don't they advertise it more, especially in the branches that serve the people who need it, like the law says they have to?

That was when Fleet told us about their merger with BankBoston. They said they would make sure that their employees knew about the basic banking account and offered it more to customers. They also said they would make posters for those branches so people would not have to find mention of the account in Fleet's pamphlet, they would know about it just from standing in the bank. Well, our members went back about one month ago and still they were not offered a lifeline account. Still they didn't find any posters.

Fleet has become an example of the rich getting richer from the poor getting poorer. With every merger they have made, they have lost more interest in serving individuals. People like me can't bring Fleet the money that its corporate customers can, but we're not making them lose money either. We pay our bills and we pay our rents. In the same way, we could pay a mortgage and we can keep a checkbook.

So I am asking the Federal Reserve to carefully consider Fleet's current merger. For every employee they will layoff and every bank branch that will be closed, there are hundreds of consumers who will have less access to banking services. In low and moderate income neighborhoods we need more banks, not richer ones.

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JENNIFER CARTER
MASSACHUSETTS

Hello. My name is Jennifer Carter. I have been banking with BankBoston for many moons--over twenty years.

I am very concerned about the aftermath of the merger between Fleet and BankBoston. I am worried that they will cancel their contract with ACORN. After meeting with them yesterday, they said that they will be sitting down again with ACORN. But I am more concerned that this is just lip service. By turning their back on the ACORN program, Fleet is turning their back on our low income and minority communities. Have they forgotten that ACORN Housing Corporation borrowers made up over 30% of Fleet's loans to low and moderate income neighborhoods in 1996? Have they forgotten that ACORN Housing helped Fleet increase their lending in low income neighborhoods by almost 90% between 1995 and 1997? Have they forgotten that ACORN Housing is responsible for more than 50% of BankBoston's loans to Black and Latino borrowers in 1998, and responsible for 20% of BankBoston's overall lending in that year?

I think that Fleet has forgotten what ACORN has done to help them meet their obligations to the low income and minority community. But I would like to remind them again today.

If this merger goes forward, and Fleet does not renew its lending agreement with ACORN by August 1st, I will be closing my account at BankBoston. I will also be encouraging my son to close his account at Fleet. And we, the members of ACORN, have already collected several dozen letters from other community residents saying that they are going to close their accounts as well. We will continue to collect these letters throughout the summer.

So if Fleet is planning to keep taking deposits from our communities, but stop giving us loans, then we are going to cut their credit line too. This is our way of expressing our dissatisfaction with Fleet's decision. They cannot continue to keep profiting from our deposits without putting back into our community. So that's why I am here today. To bring to the Federal Reserve's attention the urgency and the dire need for this program that is all about helping the low income community to accomplish the American Dream. Please do not rush your decision by allowing this merger. I believe extra time is needed for Fleet to meet with ACORN again as they have promised. You cannot let this merger go forward if it means that Fleet is allowed to walk away from its community reinvestment responsibilities.

I realize that nothing can be accomplished unless God allows it. So I am praying that you let the Lord guide and lead you. Thank you.

KEN HALL
MASSACHUSETTS

Good morning. My name is Ken Hall and I live in Dorchester. I was able to buy my home through the ACORN Housing program with Fleet. After I bought my house, I started caring a lot more about the way my neighborhood looked and how safe it was. Here I was--a homeowner and a taxpayer--and the city wasn't giving our moderate income, mostly minority neighborhood in Dorchester the same services as the wealthy, white neighborhoods in Beacon Hill or Back Bay were getting. So I got together with some of my neighbors and we started letting city officials know that we care about our community and our children and our property, and wanted to see our streets safe and clean.

Our civic involvement paid off--we won funding for a new streetlight at a dangerous intersection where children had been hurt crossing the street. We met with the police to make sure our streets are safe at night. And we won clean-up of a bunch of vacant lots that were full of trash and dangerous junk. In the process, many members of the community came together and started to watch out for each other and each others' children.

When you own your home, you care about your neighborhood and you work hard to improve it. Thanks to ACORN Housing's program with Fleet, more people were becoming homeowners and our low income and minority neighborhoods were finally starting to look better. But now that Fleet is getting bigger and more arrogant, they're trying to walk away from us. Let me tell you why this is such a mistake.

Fleet Bank has been a huge lender in Boston BECAUSE of the ACORN Housing program and other programs like ours. More than 30% of Fleet's loans in Boston to minorities and low income people in the last few years have come from ACORN. Fleet has now become such a dominant player in the Boston mortgage market that them walking away is going to have a really damaging effect. Especially because most of the other lenders in town have such a bad record of lending to low income and minority neighborhoods.

If Fleet dumps the ACORN program and stops making the kind of loan that they made to me and my family, their numbers are going to stop looking so good. And when banks like Fleet stop making high-quality conventional loans to our neighborhoods, the B & C lenders come in with their outrageous interest rates and fees and their aggressive telemarketers and misleading advertising. A lot of these

outfits have gotten in big trouble for shady dealings, as Fleet well knows because they were in the subprime lending business for awhile.

If you look at Fleet's past history with mergers and community lending, the picture is pretty grim for low income and minority neighborhoods. Every time Fleet has merged the bank has gotten worse. If Fleet is allowed to merge with BankBoston while they walk away from lending to minorities and low income people, they are going to get dramatically worse. And I guarantee you, if the Federal Reserve allows this merger today, you'll be back here next year to downgrade Fleet's CRA rating, the way Fleet's entities have been downgraded in New Jersey, New York, and Connecticut.

Fleet is going to dominate the Boston lending market. If they walk away from lending to our communities, who's going to do it? Low income people and minorities need access to credit so we can turn around our neighborhoods like I'm working to turn around mine. When Fleet turns its back on community reinvestment programs like the one they have with ACORN, we know we're going to be seeing that red line around our neighborhoods again real soon. Therefore, I am asking you to oppose the Fleet-BankBoston merger.

ELNORA THOMPSON
MASSACHUSETTS

Hello, my name is Elnora Thompson. I am African-American, a single mother and a single grandmother, and I live in Dorchester near Codman Square. I want to tell you about trying to get a loan in this town when you are all these things.

When my husband and I divorced and I lost my home, I knew I didn't want to raise my youngest in some tiny apartment. I wasn't comfortable living in somebody else's home--I wanted my own house. And I wanted a garden. I didn't think it should be too hard to prove that I would be a good lending risk. After all, I had worked full-time for the phone company for almost 25 years at that time.

So I set out to buy myself a home. First I went to my credit union, but they wanted 20% down, and I didn't have that kind of money. I applied for a loan with Powderhouse Mortgage in Somerville, but when I called to see what was happening with my application, the girl there told me that they didn't want to be bothered with people from Dorchester. At that time, it was very hard to obtain a mortgage in my neighborhood, even if you had money.

And then I went to Fleet. Now this was before they had their program with ACORN. But they had some kind of local program--or so I thought. A very nice young lady came to help me fill out my application, right at my apartment. Then she took my \$250 deposit and I never heard from her again! I called and called, I called all over the place. I couldn't get anyone to talk to me. Finally I found out my application had been sent out of state somewhere. And then I got a letter saying that I was not qualified for that lending program. But I never got my money back.

What I realized was that they weren't giving any mortgages in my neighborhood. It was redlining.

A few months later, an ACORN organizer knocked on my door. She told me how ACORN members were fighting against redlining and negotiating with the banks to start community reinvestment agreements. I joined ACORN that day and I probably spent every night for the next six months helping on the anti-redlining campaign.

What was the result? Well, Citizen's Bank stepped up to the plate and signed an agreement with ACORN Housing Corporation which I believe they are still honoring to this day. They had flexible underwriting and didn't make me put 20% down, and they looked carefully at all my records even when I had non-traditional credit. Any time I had questions I called my loan counselor at ACORN Housing,

and she would talk to her contacts at the bank. I got all the information I wanted--no more runaround.

A few months later I got my loan--one of the very first loans in the new ACORN Housing Corporation Program. I even got a grant from the city for closing costs through a program that ACORN worked out. And then Citizen's decided they wanted me to be their poster child, and they threw me a housewarming party. I thought I had died and went to heaven.

Now I've lived in my house for five years, and I rent my downstairs apartment to a tenant using Section 8 vouchers. My street has changed a lot now that most of us are finally homeowners. And I have a big garden full of vegetables and fruit and flowers.

It was ONLY because of the ACORN program that I got my house, and since Fleet joined the ACORN program, I know they haven't treated other Black folks like they treated me. In fact, I happen to know that ACORN Housing did over 30% of Fleet's loans to minority and low income borrowers in 1996. And the BankBoston program with ACORN Housing, which Fleet wants to downsize, did over 50% of the bank's loans to Blacks and Latinos in Boston in 1998.

Fleet's lending to minority and low income borrowers has gone up dramatically since they started working with ACORN. But back before they started working with ACORN, their record on lending to minorities was BAD. In cities in Massachusetts where they're NOT working with ACORN, their lending record to minorities is STILL bad. If Fleet won't increase their participation in the ACORN program while they increase their size and increase their profits, then they shouldn't be allowed to merge with BankBoston.

If Fleet is going to go back to ignoring our communities, then I ask the Federal Reserve to ignore this merger application.

Thank you.

Ms. Maude Hurd
National President
ACORN
1453 Dorchester Avenue
Dorchester, MA 02122

July 5, 1999

Bob Brady
Vice President
Boston Federal Reserve Bank
600 Atlantic Ave.
Boston, MA 02106

Dear Mr. Brady:

The Association of Community Organizations for Reform Now (ACORN) is writing in opposition to the proposed merger between Fleet Financial Group and BankBoston Corporation.

This merger between the two largest banks in New England would further consolidate the Northeast's already concentrated financial industry under the control of Fleet Financial Group. The merged institution would be a regional megabank, dominating local markets and controlling more than 1/4 of every dollar held by New England banks and thrifts. It is vitally important that a bank of this size and with this level of market influence fulfill its obligations to serve all neighborhoods and meet the credit needs of all communities. Fleet's actions show that it has not and will not comply with this basic standard.

The Fleet public relations department must believe that if they repeat the bigger is better mantra of "one plus one is greater than two" often enough, they can obscure the facts of their lending performance. Fleet has already demonstrated the devastating impact that their previous mergers have on the flow of credit to local communities. Since acquiring Shawmut and Natwest in 1995 and 1996 respectively, the new, larger Fleet has had a dramatic decline in its lending to minority borrowers, low and moderate income families and neighborhoods, and communities of color, compared to the total lending of the separate banks before the merger. This steep drop is not an isolated occurrence; it is evident throughout Fleet's markets, on a city, county, and state level.

In Boston and Bridgeport, the downward trend of Fleet's lending has been tempered by its participation in lending programs with local non-profit partners, including ACORN Housing Corporation. ACORN Housing Corporation, alone, has been responsible for 30-80% of Fleet's minority lending in recent years in Massachusetts and Connecticut communities. Now, as it proposes to grow even larger, Fleet is withdrawing from the agreements and practices which

have resulted in thousands of mortgages to minorities, single parents, recent immigrants, and lower income buyers.

The Fleet-ACORN Housing Corporation partnership and programs like it have been crucial in bringing capital and credit into low income minority neighborhoods. For most Americans, homeownership is the single biggest source of wealth. It means the difference between living paycheck-to-paycheck and building equity for yourself and your family. Homeownership is even more crucial for the stability and economic growth of minority communities. Minority homeowners hold 75% of their wealth in home equity. The difference between owning and renting is staggering for African-Americans: the average Black homeowner's net worth is \$48,300, while for the average renter it is only \$500.

Homeownership helps the individual homeowner, but it also helps the community. Homeowners are much more likely than renters or landlords to protect and improve their properties. There is more stability and less crime in neighborhoods of owner-occupied homes, and a greater involvement in community and civic activities of all kinds.

With ACORN Housing Corporation's Fleet agreement and others like it, a positive shift in rates of minority homeownership was taking place. In the early and mid 1990's, the percentage growth of minority homebuyers was greater than that of whites for the first time ever. These programs were helping Massachusetts and Connecticut neighborhoods achieve the American Dream of homeownership, while helping Fleet gain significant market share in minority lending.

But as the 1990's draw to a close, we are starting to see a trend toward less lending to minority and low income census tracts. As banks like Fleet grow larger and less accountable to local communities, they walk away from innovative programs and begin to use cookie-cutter formulas which try to fit everyone into a white-middle class ideal of good credit.

If this merger proceeds, Fleet will be the largest mortgage originator by far in Boston, Bridgeport, and many other cities across the Northeast. When they turn their back on programs such as with ACORN Housing Corporation, a program that is responsible for an enormous part of Fleet's minority lending, they are turning their backs on our communities. Without these kinds of programs, our neighborhoods don't stand a chance.

We have already seen the decline in credit to underserved areas which resulted from Fleet's previous acquisitions. There is no reason to think that history will not repeat itself with this merger. Fleet's termination of the successful partnerships in Boston and Bridgeport will only accelerate the downward trend in Fleet's low and moderate income and minority lending. Our communities cannot afford to have Fleet swallow up yet another bank, while ignoring its community investment obligations.

Fleet and BankBoston should not be allowed to merge without pledging to continue existing community lending agreements and without a significant strengthening of their commitment to maintain and increase the flow of credit to lower income and minority communities.

Fleet and ACORN Housing Corporation in Boston and Bridgeport

ACORN Housing Corporation provides individual counseling for low and moderate income and minority buyers to assist them in purchasing a home. AHC counselors work with potential buyers' household income, debts, credit, savings, and employment history to identify what steps are necessary to qualify for a mortgage and to help home buyers take these steps.

In addition to working on their specific situations in the individual counseling, program participants also take AHC's home buyer education classes to help them understand what is involved in buying and owning a home. These classes include a credit and budgeting workshop which teaches financial management, and in Boston and Bridgeport, AHC conducts specialized Landlord Training classes to prepare new homeowners for the responsibilities of owning a two or three unit building, which is common in low and moderate income neighborhoods.

ACORN Housing Corporation promotes its program through community meetings in low and moderate income neighborhoods, churches, the ACORN Bankfair, and through real estate agents who work in low and moderate income neighborhoods, in order to reach traditionally underserved communities.

In December 1995, Fleet Bank agreed to an ambitious mortgage lending program with ACORN and ACORN Housing Corporation, which combined mortgage underwriting standards responsive to low and moderate income buyers, below market pricing, and housing counseling to create a state of the art lending program. The program was based on the lending agreement ACORN Housing Corporation had with Shawmut Bank, which Fleet was purchasing at the time. The program covered Massachusetts and Connecticut.

Fleet agreed to use underwriting guidelines, developed by ACORN Housing Corporation (AHC), which, when coupled with intensive housing counseling and home buyer education, can help many nontraditional buyers qualify for mortgages and become successful homeowners.

ACORN and ACORN Housing Corporation have found traditional mortgage underwriting standards often failed to recognize the income, savings, credit, and employment histories of low and moderate income and minority people. To remedy the problem, ACORN and ACORN Housing Corporation contracts with lenders to provide homebuyer counseling, financial management skills for buyers, delinquency counseling, and advice on underwriting

which is more responsive to underserved buyers and pricing discounts to attract potential potential buyers and to make the products more affordable for lower income buyers.

Some of the special underwriting flexibilities in the Fleet/ ACORN Housing Corporation product include:

- Sources of income common in lower income communities are acceptable, including boarder rent, foster care, voluntary child support, food stamps, and pooling of incomes from several family members.
- People who do not have traditional credit histories, such as credit cards or car loans, can qualify based on timely rent and utility payments.
(The standard Fleet product requires three nontraditional credit references, disqualifying many buyers, such as, for example, a young couple whose utility payments are included in their rent and so only have two credit references: rent and telephone)
- Buyers can contribute as little as one percent of the mortgage for the downpayment, with the remainder coming from grants or gifts.
- Buyers whose available savings are used up for downpayment and closing costs are not required to have extra money held back as a reserve requirement.

AHC's partnership with Fleet has been extremely successful, helping more than 1,000 homebuyers with over \$120 million in mortgages and providing increased access to homeownership for single parents, recent immigrants, lower income buyers, and people who don't qualify for traditional mortgage underwriting, but who are still responsible and pay their bills on time.

In 1997, ACORN Housing Corporation alone recruited, counseled, and referred a third of Fleet's conventional loans to African-Americans and Latinos in Suffolk County (Boston, MA) and almost two-thirds of Fleet's conventional loans to African-Americans and Latinos in the Bridgeport (CT) MSA.

Despite these achievements, Fleet is walking away from this successful partnership at the same time that it proposes to become the 8th largest bank in the country. Fleet has informed ACORN Housing Corporation that on July 31, 1999, it will terminate this program which has made a significant contribution to low and moderate income and minority communities in Massachusetts and Connecticut.

BankBoston and ACORN Housing Corporation in Boston

BankBoston also has a successful mortgage lending program with ACORN Housing Corporation. This program features mortgage products designed for low and moderate income and minority borrowers, housing counseling, discounted pricing, and community based marketing programs. In 1998, BankBoston funded 255 mortgages in the Boston area valued at \$35,700,000. BankBoston has not indicated what the future of the program will be post-merger. However, BankBoston is the institution to be acquired; and given the termination of a similar program at Fleet, the AHC/BankBoston program is likely to be terminated.

The ACORN Housing Corporation sends more loans to Fleet and BankBoston than any other Boston lenders, and with this merger the two top AHC programs will be eliminated.

As described below, we have serious concerns about Fleet's lending not only in Boston and Bridgeport, but throughout the Northeast and across the country, and fear that their lending will only worsen after this merger. The trend in recent years as Fleet has grown and incorporated other institutions has been a decline in lending overall and a steeper decline in lending to low and moderate income and to minority borrowers. This decrease would have been even worse were it not for the work of local partners, such as ACORN Housing Corporation. Fleet's refusal to continue this single program will result in an even more precipitous decline and suggests a shift in the bank's direction which will only amplify already existing problems.

Fleet's Failure to Meet Credit Needs with Post-Merger Lending Decline

Boston

In Boston, as in most cities where Fleet does business, Fleet is abandoning low to moderate income people, minorities, and their communities. The numbers tell the story when looking at loan applicant race, income, and the characteristics of census tracts where Fleet lends to. As Fleet grows bigger, it tends to do more lending to upper-income, white borrowers and their communities.

RACE

Fleet's merger with Shawmut has resulted in a decline in lending to minority home buyers. In 1995, Fleet National Bank, Fleet Mortgage, and Shawmut Mortgage made a combined total of 636 conventional and FHA loans to African-Americans and 341 loans to Latinos in the Boston MSA. In 1997, the merged institution made 48% fewer loans to African-Americans, 331, and 55% fewer loans to Latinos, 155.

Because of its size and dominant market share in Boston, Fleet must play a vitally important role in the area's minority lending in the area. Fleet made 23% of the MSA's conventional

loans to African-Americans and 20% of the area's loans to Latinos. As discussed above, one of the principal reasons for this has been Fleet's participation in community lending programs with local non-profit partners. That's why it is essential that Fleet maintain these programs. Further cuts in Fleet's lending will seriously harm Boston's minority communities

The performance by Fleet Real Estate Funding, the successor to Fleet Mortgage, is indicative of what Fleet Bank's lending would be like without its community partnerships. In 1997, in the Boston MSA, Fleet Real Estate Funding denied 31% of its African-American applicants for conventional and FHA loans and 28% of its Latino applicants, while turning down only 12% of its white applicants. Black and Latino borrowers were 2.6 and 2.3 times more likely, respectively, to be rejected than white applicants.

In addition, Fleet Real Estate has decreased the share of its lending to minorities. In 1995, the mortgage company made 9.3% of its conventional and FHA loans to African-American homebuyers and 6.4% to Latino buyers. In 1997, the share of mortgages received by African-American and Latino borrowers had dropped to only 7.8% and 4.0%.

INCOME

Low and moderate income borrowers have been deeply impacted by the decline in credit since the merger with Shawmut. Their access to credit appears to be growing even worse. In 1996, Fleet National Bank and Fleet Real Estate made 1,116 conventional loans to low and moderate income borrowers in the Boston MSA. In 1997 this number fell 29% to 791, a drop several percentage points higher than the decline to upper income borrowers. These numbers would be even less favorable to low and moderate income buyers if it were not for Fleet's community partnerships.

In the city of Boston in 1997, Fleet made 323 loans to low and moderate income borrowers. We can identify 84 of those loans to low and moderate income neighborhoods, or 26% , that were made through the ACORN Housing Corporation.

Without the bank and its local partners, Fleet's extension of credit to low and moderate income borrowers would have practically disappeared. Almost half of Fleet's conventional loans are made by Fleet Real Estate, whose lending record paints a far grimmer picture for the fate of lower income home buyers. The overall decline in Fleet RE's lending has not been felt by all borrowers equally. While Fleet RE cut in half their loan origination to low and moderate income borrowers from 1996 to 1997, it didn't impose the same kind of austerity measures on its upper income borrowers, cutting these loan originations by only a quarter.

Low and moderate income borrowers also saw their share of Fleet RE's conventional loans drop from 35.6% in 1996 to only 27.7% in 1997. Fleet RE's lending shifted toward upper

income borrowers, who saw their share of Fleet's conventional loans increase from 36.3% in 1996 to 42.1% in 1997.

Fleet Real Estate accomplished this shift in its lending by denying low-income borrowers 2.8 times as often as upper income borrowers and rejected moderate income borrowers 2 times more than upper income borrowers in 1997.

GEOGRAPHIC DISTRIBUTION

All Fleet affiliates combined denied 24% of the applications from integrated and minority census tracts, compared to only 14% of loans in census tracts with less than 20% minority population, making integrated and minority neighborhoods 1.7 times more likely to have applications rejected than predominately white neighborhoods. Fleet denied 25% of applications from low-income census tracts, compared to only 16% of applications in upper-income tracts, a 1.6 times difference.

These numbers would be far worse for lower-income and minority communities if it were not for the work of the local partners who worked with Fleet National Bank.

We can preview what Fleet's overall performance would be without these community partners by looking at Fleet Real Estate Funding. In the Boston, MSA, Fleet RE Funding only made 11% of its almost 1,000 conventional and FHA mortgages in integrated and minority census tracts and less than 2% of its loans in low-income census tracts.

This minimal lending can be attributed in part to the enormous disparity between Fleet Real Estate's rejection rates of loans in lower-income and minority neighborhoods and its rejection rates in upper-income and white neighborhoods. While Fleet Real Estate denied a third of all applications in minority census tracts (32%), it only turned down 14% of applications in predominately white tracts, making minority neighborhoods 2.3 times more likely to be denied than white neighborhoods.

Within census tracts of the same income level, Fleet Real Estate was up to 2.3 times as likely to deny applicants from the tracts with a greater minority population than from those tracts that are predominately white. Fleet RE denied one out of every four applications (25%) from moderate income census tracts that are integrated or minority, but only one out of nine applications (11%) from moderate income census tracts that are almost entirely white. Fleet RE denied 30% of applications from middle-income minority census tracts, but only half as many, 15%, of the applications from middle-income white.

In addition to Fleet's history of a post-merger decline in loans, its movement away from community lending, and its refusal to continue the ACORN Housing Corporation Lending

Program, there are other reasons to be concerned that this merger will have a devastating effect on Boston's lower income and minority families. BankBoston has also had a lending program with AHC, a partnership which is now jeopardized by the merger.

BankBoston made 1,254 conventional loans in the Boston MSA in 1998. AHC was responsible for 255 of them, 20.33%. 316 of BankBoston's loans were made to Black and Latino borrowers. 163 of these, 51.58%, were made through AHC.

ACORN Housing Corporation has not been given any indication that this program will continue. Given Fleet's intentions to abandon its own program with AHC, it stands to reason that the BankBoston program, which has similarly flexible underwriting guidelines will also be eliminated.

In 1997, ACORN Housing Corporation was responsible for 43.8% of the combined total of all the conventional loans made by Fleet and BankBoston in the Boston MSA.

Bridgeport

RACE

In 1995, Fleet National Bank, Fleet Mortgage, and Shawmut Mortgage made 81 conventional purchase loans to African-Americans and 108 loans to Latinos. By 1997, this number had fallen 58% to 34 loans to African-Americans and 83% to a paltry 18 loans to Latinos.

Minorities not only saw a large decrease in the number of loans they received, but also in the relative share of the merged institution's lending. In 1995, 41% of the combined total of Fleet and Shawmut's mortgages were made to African-American and Latinos. In 1997, they received only 26.5% of the mortgages -- in an MSA where African-Americans and Latinos make up more than half of the population (53.1%). At the same time, the new, larger Fleet was making a greater portion of its loans to white buyers. In 1995, 53.2% of Fleet and Shawmut's loans went to white borrowers. In 1997, this share climbed to 62.2% of the loans.

These shameful numbers would have been even less had it not been for Fleet's partnership with the ACORN Housing Corporation.

Out of Fleet's 142 conventional loans made in 1996 to African-Americans and Latinos, 94 of the loans, 66.2%, were a result of the partnership with AHC. Of Fleet's 52 loans made to African-Americans and Latinos in 1997, AHC was responsible for 32 of the loans, 62%.

In short, without this partnership, Fleet would have made almost no loans to African American or Latino borrowers in Bridgeport.

Even with the aid from AHC, Fleet's lending to minorities and lower income neighborhoods is still seriously problematic. Despite the fact that the Bridgeport MSA population is more than half African-American and Latino, 81% of Fleet's conventional loans were made in predominately white census tracts (less than 20% minority population). Only 11% of Fleet's conventional loans were made in low and moderate income census tracts.

Fleet's geographic distribution of loans would have been even worse were it not for its partnership with the ACORN Housing Corporation.

There are also significant disparities in the distribution of Fleet's rejections. Borrowers in tracts with more than 50% minority population were still 1.4 times more likely to be rejected for a conventional loan than borrowers in tracts with less than 20% minority population. Applicants from moderate income tracts were 1.7 times more likely to be denied than applicants from upper income tracts.

Applicants from moderate income tracts with more than 50% minority population were:

- 2 times more likely to be denied than applicants in middle income tracts with less than 20% minority population;
- 2.3 times more likely to be denied than applicants in upper income tracts with less than 20% minority population;
- 2.7 times more likely to be denied than applicants in middle income tracts with 20-49% minority population; and
- 3.7 times more likely to be denied than applicants in moderate income tracts with 20-49% minority population.

As in Boston, because of its size and market domination, Fleet has an essential part in the flow of credit to minority communities. In 1997, Fleet made 12.4% of all the conventional loans originated to African-American in the Bridgeport MSA and 8.7% of all the conventional loans originated to Latinos in the MSA.

That's why it is so vitally important to local communities that Fleet Bank continue to work with its non-profit housing partners. We can preview what Fleet's overall performance would be without these community partners by looking at Fleet Real Estate Funding.

In the Bridgeport MSA, which is more than a quarter African-American, Fleet RE Funding only made 1 conventional loan out of nearly 100 to an African-American borrower and denied African-American applicants at a rate five times greater than it denied white applicants. Fleet RE only made 4.2% of its conventional loans in low and moderate income census tracts and only made 8.3% of its loans in integrated and minority tracts.

Although ACORN Housing Corporation's work in Connecticut is primarily in Bridgeport, where AHC is responsible for approximately two-thirds of Fleet's African-American and Latino lending, AHC has made a significant contribution to Fleet's minority lending in other areas.

AHC was responsible for 30 of Fleet's 38 Black and Latino conventional loans in 1996 (79%) and 8 of the 19 Black and Latino loans in 1997 (42%) in the Stamford-Norwalk MSA.

In the New Haven-Meridan MSA, AHC was responsible for 5 of Fleet's 19 conventional loans to Black and Latino borrowers in 1996 (26%) and 5 of Fleet's 9 loans to Blacks and Latinos in 1997 (56%).

Given the role of ACORN Housing Corporation in Fleet's lending, Fleet's termination of its partnership with AHC amounts to a near complete abandonment of minority borrowers in these markets.

New York City

The Fleet merger with Natwest in 1996 may have benefited someone in New York, but it only hurt minorities, lower income families, and low to moderate income and minority neighborhoods in New York City.

RACE

The Fleet-Natwest merger resulted in a drastic decline in lending to minorities. In 1995 the separate institutions made a combined 492 conventional and FHA mortgages to African-Americans and 257 mortgages to Latinos. In 1997, the merged institution made 77% fewer loans to African-Americans, only 113, and 73% fewer loans to Latinos, only 70.

One part of this decrease is attributable to the fact that Fleet did not maintain the community lending commitments of the banks with which it merged. NatWest had a lending agreement with the New York ACORN Housing Corporation which was discontinued by Fleet. The agreement included a highly successful underwriting program and loans at 1% below the market interest rate. AHC helped NatWest reach populations that were new to the bank, break into the large, underserved Latino community, and build relationships with other community groups and local minority churches.

Even without including Natwest's loans, Fleet's own lending to minorities and low-income buyers has dropped significantly. In 1995, Fleet Mortgage made 369 conventional and FHA mortgages to African-Americans and 191 to Latinos. In 1997, those numbers for Fleet Real Estate Funding, the successor to Fleet Mortgage, were only 112 mortgages to African-Americans and 70 to Latinos. This decrease in lending was not felt the same by all borrowers. While the number of loans to African-Americans fell by 70% and lending to Latinos decreased 63%, loans to whites only declined 13%.

African-Americans and Latinos were disproportionately effected by Fleet's decline in lending as Fleet shifted its lending priorities. In 1995, more than half of Fleet Mortgage's loans were to African-Americans and Latinos -- 53%. In 1997, this portion fell to only 29%. Meanwhile, the share of Fleet's mortgages to whites grew from 34% in 1995 to 52% in 1997.

At the same time that Fleet was decreasing its minority lending, it was increasing its minority denials. In 1995, Fleet Mortgage denied 9.1% of its conventional African-American applicants and 11.5% of its Latino applicants. In 1997, the African-American denial rate had skyrocketed three times higher to 30.3% and the Latino denial rate had more than doubled to 25%. Whereas in 1995 only 1 out of every 11 African-Americans and 1 out of every 9 Latinos were denied, in 1997 Fleet denied almost 1 out every 3 African-Americans and 1 out of every 4 Latinos.

INCOME

Lower income borrowers have also been the most affected by Fleet's lending decline. From 1996 to 1997, Fleet's conventional and FHA lending to low and moderate income borrowers fell by more than half -- 52% -- from 129 loans to only 62. Fleet spared upper income borrowers from this withdrawal of credit, decreasing loans to upper income buyers a relatively minor 8% -- from 433 loans to 399.

Fleet's conventional lending to low and moderate income borrowers is virtually non-existent. Only 10% of their loans were made to borrowers with incomes below 80% of the area median and only a single loan (1/10 of 1%) was made to a borrower whose income was below 50% of the median.

GEOGRAPHIC DISTRIBUTION

Fleet's mortgage lending has been concentrated in higher income, predominately white census tracts. Only 12.7% of Fleet's conventional loans in 1997 were made in low to moderate income census tracts. More than half (56%) of Fleet's conventional loans were made in census tracts that were more than 80% white. This by no means represents balanced service to all New York neighborhoods.

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Fleet has created this inequality, at least in part, by rejecting applicants from low to moderate income or minority census tracts at rates far greater than its rejections in upper income or white census tracts. One can predict the likelihood of receiving a loan from Fleet based on the income and racial make-up of the neighborhood. In its conventional lending, Fleet was 1.7 times more likely to deny an application in a moderate income census tract than in an upper income census tract -- rejecting 39.3% of applicants in moderate income areas compared to only 23.7% in upper income areas.

Fleet was 1.4 times more likely to deny an application in an integrated or minority neighborhood than in a white area -- rejecting 31% of applications from census tracts that had 20% or greater minority population and only 22% of applications from tracts with less than 20% minority population.

Even when comparing census tracts of the same income level, but with different degrees of minority population, the inequality in Fleet's lending is still present. Upper income neighborhoods with a minority population of 50% or greater were 1.8 times more likely to have applications denied than upper income neighborhoods with a minority population less than 50%.

Applicants in moderate income tracts with 20-49% minority population were 2.6 times more likely to be denied than in moderate income tracts with less than 20% minority population;

Nassau-Suffolk MSA

Fleet's mergers and subsequent decline in lending have also hurt lower-income and minority home buyers in the Nassau-Suffolk MSA.

RACE

From 1995 to 1997, this area experienced a sharp drop in minority lending. In 1995 the separate institutions of Fleet and Natwest made a combined 82 conventional and FHA mortgages to African-Americans and 69 mortgages to Latinos. In 1997, the merged institution made 63% fewer loans to African-Americans, only 30, and 62% fewer loans to Latinos, only 26.

Even without Natwest's loans, Fleet has reduced its loans to minorities and low-income buyers. In 1995, Fleet Mortgage and Fleet Bank NA made 60 conventional and FHA mortgages to African-Americans. In 1997, this number had been cut in half to only 30 loans. As in New York City, white borrowers saw a decline, but not nearly as severe as for African-Americans. White loan originations fell 35% from 540 in 1995 to 348 in 1997.

The share of Fleet's loans received by minorities also decreased during this same period. In 1995, 8.7% of Fleet's loans were made to African-Americans and 6.2% were made to Latinos.

In 1997, the portion to African-Americans and Latinos had fallen to only 6.5% and 5.6% of the loans, respectively.

While the number of loans to minorities was falling, the denials of minorities was rising. In 1995, Fleet Mortgage denied 13.5% of its conventional African-American applicants and 9.1% of its Latino applicants. In 1997, the African-American denial rate had increased to 18.4% and the Latino denial rate had more than doubled to 23.1%.

INCOME

Low to moderate income borrowers have borne the largest brunt of Fleet's decline in lending. In 1996, Fleet and Natwest made 167 conventional and FHA loans to low and moderate income borrowers. In 1997, this figure fell to only 88 loans.

Compared to its own past lending, Fleet's lending to low and moderate income borrowers has dropped both in volume and as a percentage of its overall lending. In 1996, 23.3% of Fleet Real Estate Funding's loans were made to low and moderate income borrowers and 36.8% were made to upper income borrowers. In 1997, the share of loans made to low and moderate income home buyers had fallen to only 17.1% and the portion to upper income borrowers had climbed to 45.4%.

Over 60% of low-income conventional loan applicants were denied by Fleet, making low-income buyers almost 3.5 times as likely to be rejected as upper income buyers. More than a third of low and moderate income buyers were denied by Fleet -- 36.4% -- or two times the percentage of upper income borrowers.

Only 15.7% of Fleet's conventional loans in 1997 were made to low and moderate income borrowers, well below the market average among all lenders for the Nassau-Suffolk MSA, which was 18.5%. While Fleet was below average in lending to lmi buyers, it was above average in lending to the other end of the income scale. Almost half of Fleet's loans went to upper income buyers, 48%, compared to 41% which was the average for all conventional loans in the MSA.

GEOGRAPHIC DISTRIBUTION

Fleet's mortgage lending has been concentrated in higher income, predominately white census tracts. Not one of Fleet's conventional mortgages was in a low-income census tract and only 8.4% of its mortgages were in a moderate income census tract. A disturbing 90% of Fleet's loans were made in census tracts that are more than 80% white.

This imbalance in service is not solely due to a lack of applications from lower income or minority census tracts, but rather to much higher rejection rates for applicants from these neighborhoods. Borrowers in moderate income neighborhoods were 1.8 times more likely to

be denied than borrowers in middle income tracts and 1.6 times more likely to be rejected than borrowers in upper income census tracts. Fleet turned down 39% of the applications from moderate income census tracts compared to only 21% in middle income tracts and 24% in upper income areas.

As the minority population in a neighborhood increases, so too does the likelihood of an applicant from that neighborhood being rejected. While Fleet turned down only 23% of borrowers in predominately white census tracts, it denied 35% of borrowers in integrated tracts and 41% in minority tracts, a 1.5 and 1.8 times greater denial rate respectively.

Applicants in moderate income census tracts with 20-49% minority population were:

- 2.1 times more likely to be denied than in upper income tracts with less than 20% minority population; and
- 2.5 times more likely to be denied than in middle income tracts with less than 20% minority population.

Applicants in middle income tracts with more than 50% minority population were:

- 1.9 times more likely to be denied than in upper income tracts with less than 20% minority population; and
- 2.3 times more likely to be denied than in middle income tracts with less than 20% minority population.

Jersey City

The merger between Fleet and Natwest has resulted in a sharp decline in minority lending. In 1995, Fleet and Natwest had a combined total of 48 conventional and FHA loans to African-Americans and Latinos. In 1997, this number had dropped 62.5% to only 18 loans. The decrease in conventional lending was even greater. In 1995, Fleet and Natwest had a combined total of 37 conventional loans to black and Latino borrowers. In 1997, this number had dropped to almost nothing, decreasing 78.4% to a mere 8 loans. In an MSA where the population is more than half Black and Latino (53.9%), Fleet only made a third of its loans to black and latino borrowers.

Not one of Fleet's conventional or FHA loans was made to a low-income borrower, and only 4 loans (10%) were made to a moderate income borrower.

Not one of Fleet's conventional or FHA loans were made in a low-income census tract and only 1 loan (2.5%) was made in a moderate income census tract.

These numbers should not be too surprising, given that Fleet Bank, N.A. is headquartered in Jersey City and fails to even provide a branch in the city.

Fleet Real Estate Funding: Fleet's Arm for Lending Inequality

Cities fare even worse when Fleet operates alone, without community partners, such as in those cities served by Fleet Real Estate Funding. We have reviewed Fleet's lending in five additional cities that have ACORN chapters. In these markets, Fleet Real Estate Funding has virtually abandoned lower income and minority home buyers and concentrated on upper income, white borrowers. In almost all cases it is also significantly worse than the average in these local markets. Fleet has small percentages of originations to minority and low-income home buyers, inordinately high rejection ratios for African-American and Latino applicants, and minimal lending in low-to-moderate income neighborhoods and integrated and minority census tracts. This prevalent pattern is worsening.

Philadelphia

RACE

In 1996, Fleet RE made 13.5% of its conventional and FHA loans to African-Americans and 6.2% to Latinos. In 1997, these percentages plummeted to 4.1% and 3.3% respectively. The share of Fleet's loans received by white borrowers increased from 70.5% in 1996 to 78.8% in 1997.

The 7.4% of Fleet's conventional and FHA loans to African-Americans and Latinos is just half as much as the aggregate in the Philadelphia MSA in which all lenders made 13.9% of their loans to African-Americans and Latinos.

The number of loans to African-Americans fell by 55% and to Latinos by 40%. At the same time, the number of loans to whites shot up by 29%.

While Fleet RE was cutting back on the number of minority loans, it was stepping up its minority denials. In 1996, Fleet RE rejected 16.7% of African-American applicants. A year later, Fleet rejected 35% of African-American applicants. This increased restriction on credit was not across the board for everyone -- the denial rate for white applicants decreased from 7.6% in 1996 to only 5.3% in 1997. In 1997, black applicants were almost 7 times more likely to be denied than White applicants and Latino applicants were almost 4 times more likely to be denied.

These rejection ratios for African-Americans and Latinos are astronomical, especially when the average rejection ratios among all lenders in the MSA were 2.6 for conventional and 1.9 for FHA loans to African-Americans and 2.15 for conventional and 1.9 for FHA loans to Latinos.

INCOME

Fleet RE also appears to have turned its back on low to moderate income borrowers in favor of upper income borrowers. The number of conventional loans to low and moderate income applicants fell 25.4% from 1996 to 1997, while the number of loans to upper income borrowers increased 47.5%.

This disparity is also evident in Fleet's rejections -- while Fleet was tightening credit for low and moderate income borrowers, increasing their denial rate from 13.2% to 15.8%, it was loosening credit for upper income borrowers, reducing their denial rate from 8.0% to 4.9%. This resulted in widening the gap of inequality. In 1996, low and moderate income borrowers were 1.6 times more likely to be denied than upper income borrowers. In just one year, the rejection ratio more than doubled and lmi buyers were 3.3 times more likely to be denied than upper income buyers.

Area lenders made 30.8% of their conventional and FHA loans to low and moderate income borrowers, while Fleet only made 13.6% of its loans to lmi buyers.

GEOGRAPHIC DISTRIBUTION

Fleet RE also had very poor geographic distribution of its loans. Only 4.1% of Fleet's conventional and FHA loans were in low and moderate income census tracts, compared to the average among all lenders who made 11.9% of their loans in these tracts.

Applicants from lmi tracts were almost 6 times more likely to be denied than applicants from upper income tracts and 2.6 times more likely to be denied than applicants from middle income tracts.

Only 2.3% of Fleet's loans were in minority census tracts. Applicants from minority tracts were 4.6 times more likely to be denied than applicants from predominately white tracts.

Denver

RACE

From 1996 to 1997, Fleet RE's conventional and FHA lending to African-Americans and Latinos all but disappeared, dropping 71.6% from 88 loans in 1996 to 25 loans in 1997. The share of Fleet RE's loans received by African-Americans and Latinos was cut almost in half from 10.7% in 1996 to 5.6% in 1997.

This is not only significantly less than Fleet made in 1996, but it pales in comparison to the aggregate for the MSA in 1997 in which lenders made 10.2% of their loans to African-American and Latino borrowers.

This imbalance in lending must be looked at in relation to Fleet's increased rejection of minority applicants. In 1996, African-Americans were only 1.1 times more likely to be turned down for a conventional or FHA loan by Fleet than white applicants. In 1997, the rejection ratio had soared to African-Americans being 3 times more likely to be denied. This is also almost double the aggregate rejection ratio of other lenders in the MSA.

INCOME

Fleet's low and moderate income lending fell 65% from 231 loans in 1996 to 81 loans in 1997, more than two times a greater decrease than in Fleet's upper income lending. The share of Fleet RE's loans which went to lmi individuals fell from 28% in 1996 to 18% in 1997, while the share of loans received by upper income borrowers rose from 29% to 50%.

Fleet also made a smaller percentage of its loans to low and moderate income borrowers than other lenders. Fleet made 18% of its loans to lmi individuals, compared to the 34% of loans made by all area lenders.

GEOGRAPHIC DISTRIBUTION

The geographic distribution of Fleet's lending is just as bad, with Fleet making less than 1% of conventional and FHA loans in low-income census tracts and less than 5% in moderate income census tracts. Applications from low and moderate income census tracts were 4.4 times more likely to be rejected for a conventional or FHA loan than applications from middle and upper income tracts.

While Fleet made less than 6% of its loans in low and moderate income census tracts, 18.5% of purchase loans made by all Denver area lenders were in these tracts.

Only 1% of Fleet's conventional and FHA loans were made in tracts with more than 50% minority population, while 87% were made in tracts with less than 20% minority population. Conventional or FHA applicants from tracts with more than 50% minority population were 4.6 times more likely to be denied than applicants from tracts with less than 10% minority population and applicants from tracts with 20-49% minority population were 2 times more likely to be denied than applicants from tracts with less than 10% minority population.

Only 13% of Fleet's loans were made in tracts with 20% or greater minority population, compared to the 23% of loans made by all area lenders.

Dallas

RACE

From 1996 to 1997, Fleet RE's conventional and FHA lending to African-Americans decreased 45%, to Latinos decreased 4.0%, and to whites increased 20%. The share of Fleet RE's loans made to African-Americans fell from 7.2% in 1996 to 3.5% in 1997, and the share to Latinos dropped from 5.2% in 1996 to 4.4% in 1997. At the same time, the share received by whites increased from 71.6% in 1996 to 75.5% in 1997.

As in other cities, Fleet made fewer loans to African-Americans and Latinos than the market average. While only 3.5% of Fleet's loans were made to African-Americans and 4.4% were made to Latinos, 6.4% and 7.1% of the loans made by all lenders in the MSA were made to African-Americans and Latinos respectively.

Again we see a pattern of decreasing minority originations and increasing minority denials. In 1996, Fleet denied 38.2% of all black applicants and 15.8% of all white applicants for a rejection ratio of 2.4. In 1997, Fleet increased its denial rate of blacks to almost half, 44.8%, and decreased its denial rate of whites to 10.6%, resulting in an astronomical rejection ratio of 4.2. This is especially alarming considering that the aggregate rejection ratio for African-Americans in the Dallas MSA was 1.65 for conventional loans and 1.96 for FHA loans.

INCOME

Fleet's low and moderate income lending fell 23% from 126 loans in 1996 to 100 loans in 1997, while its upper income lending increased 30% from 209 loans in 1996 to 272 in 1997. This resulted in a large change in the share of loans received by lower income buyers. In 1996, lmi borrowers received 27.5% of all of Fleet's loans and upper income buyers received 45.6% of the loans. In 1997, lmi buyers' share had fallen to 18.9%, while the share of upper income buyers had grown to 52.4%.

Fleet made a smaller percentage of its loans to low and moderate income borrowers than other lenders. While 24.9% of the loans made by all area lenders went to low and moderate income borrowers, only 18.9% of Fleet's did.

GEOGRAPHIC DISTRIBUTION

Fleet made less than 1% of its conventional and FHA loans in low-income census tracts and only 6.3% in moderate income census tracts. This is significantly lower than the market average for the Dallas MSA in which all lenders made 22.41% of their loans in these tracts.

Only 3.8% of Fleet's conventional and FHA loans were made in tracts with more than 50% minority population. Applicants from these tracts were 2.4 times more likely to be denied than applicants from tracts with less than 10% minority population.

Houston

RACE

From 1996 to 1997, Fleet's conventional and FHA lending to African-Americans decreased 55% and to Latinos decreased 57.8%. The share of Fleet's loans made to African-Americans and Latinos fell from 20.3% in 1996 to 18.7% in 1997. Not only is this a decline from 1996, but it is also a smaller percentage than the average among all area lenders who made 21.7% of their loans to African-Americans and Latinos.

Again we see a pattern of decreasing minority originations and increasing minority denials. In 1996, Black applicants were denied 1.7 times more often than whites and Latino applicants were actually denied less often than whites. In 1997, these rejection ratios shot up to 2.1 for African-Americans and 1.9 for Latinos.

INCOME

Fleet's low and moderate income lending fell 61.1% from 229 loans in 1996 to 89 loans in 1997, while its upper income lending only decreased 47.6%. This shifted the relative share of loans received by low and moderate income compared to upper income borrowers. In 1996, low and moderate income buyers received 20.6% of Fleet's loans and upper income buyers received 48.2% of the loans. In 1997, the low and moderate income share had fallen to 16.8%, while the upper income share had increased to 53.1%.

The 16.8% of Fleet's loans received by low income borrowers is significantly lower than the 28.2% of loans by all lenders in the MSA which were given to low and moderate income buyers.

GEOGRAPHIC DISTRIBUTION

Fleet made less than 1% of its conventional and FHA loans in low-income census tracts and less than 5% in moderate income census tracts. This is significantly lower than the market average for the Houston MSA in which all lenders made 12% of their loans in these tracts. Applicants from census tracts with more than 20% minority population were 4.6 times more likely to be denied than applicants from tracts with less than 10% minority population.

Chicago

Fleet has basically walked away from minority and low-to-moderate income lending in the Chicago MSA.

RACE

From 1996 to 1997, Fleet's lending to African-Americans and Latinos dropped to near nothing. In 1996, Fleet made 59 conventional loans to African-Americans and 69 to Latinos. In 1997, this figure sunk to only 5 loans to African-Americans and 13 loans to Latinos. A 91.6% and 81.2% decrease respectively. While Fleet's lending to whites also decreased, it was not nearly to the same degree.

The share of Fleet's conventional and FHA loans made to African-Americans and Latinos also fell drastically, while the portion received by white borrowers increased. In 1996, 13.3% of Fleet's loans went to African-Americans and 17.4% went to Latinos, with 59.5% going to whites. In 1997, the African-American share dropped to 5%, the Latino share decreased to 13.4%, and the white share grew to 63.2%.

African-American and Latino borrowers lost out even more on their relative share of Fleet's conventional loans. The African-American share fell from 7.8% to 1.9% and the Latino share fell from 9.1% to 4.8%. African-Americans and Latinos received only 6.7% of Fleet's conventional loans in an MSA that is 30.3% black and Latino.

At the same time that Fleet was slashing its minority lending, it was expanding its minority denials. Fleet's rejection ratio for Latino conventional loans nearly doubled, jumping from .95 to 1.8, and the African-American rejection ratio skyrocketed from 2.1 to 3.4. This is more than the already unbelievably high 3.2 for all lenders in the Chicago MSA.

INCOME

Low and moderate income borrowers also suffered from the decline in Fleet's conventional lending. Fleet's loans to lmi individuals fell 71% from 243 in 1996 to 70 in 1997. While Fleet's lending to upper income borrowers also decreased, the decline was 20 percentage points less than the decline to low and moderate income buyers. This resulted in a shift in the relative share that lmi borrowers received compared to upper income borrowers. LMI buyers' share of Fleet's loans dropped from 32% in 1996 to only 25.8% in 1997. Upper income buyers' share grew from 37.7% in 1996 to 50.6% in 1997.

GEOGRAPHIC DISTRIBUTION

Fleet made only 1.25% of its conventional and FHA loans in low-income census tracts and only 5.2% of its conventional loans in low or moderate income census tracts. Conventional applications from low or moderate income tracts were three times more likely to be denied than applications from upper income tracts.

Only 4.4% of Fleet's conventional loans were made in census tracts with 50% or greater minority population. Applicants from these tracts were 1.8 times more likely to be denied than applicants from tracts with less than 10% minority population.

Conclusion

Fleet has had a dramatic decline in lending -- a decrease from the overall lending by the separate pre-merger institutions and a decrease in the lending of Fleet affiliates, themselves. This withdrawal of credit has been felt the most acutely by low and moderate income and minority families and neighborhoods, communities which have historically been ignored and discriminated against, and now, once again, abandoned. This slide in Fleet's community lending is evident in the downgrading of several Fleet Banks from "Outstanding" CRA ratings in 1996 to only "Satisfactory" in their 1998 CRA exams.

While Fleet's history of acquisition and subsequent lending diminution provides ample basis for predicting the results of this newest merger, Fleet has given us even stronger substantiation of our concerns. Fleet's plan to terminate its highly successful lending program with ACORN Housing Corporation, which has had over 1,000 successful homebuyers, is a clear signal that Fleet intends to continue its trend of a decreasing community commitment, even in its largest markets, as it grows still larger.

Fleet has already realized a tripling of its net income in just four years, hitting \$1.3 billion in 1997, while leaving local communities stranded without the credit they need to thrive. Now, Fleet projects \$600 million in cost savings from the merger with BankBoston, at the same time that it intends to walk away from a successful program which serves lower income and minority families.

The Federal Reserve Board should not permit Fleet Financial Group and BankBoston to merge without, at a minimum, committing to continue their existing community lending agreements.

Methodology

This report was prepared using Home Mortgage Disclosure Act (HMDA) released from the Community Right to Know Network for 1995 and 1996 and from the Federal Financial Institution Examination Council for 1996 and 1997. 1998 HMDA data was obtained from a study by Jim Campen, UMass/Boston. Data regarding the number of homebuyers through ACORN Housing Corporation (AHC) was obtained from Fleet Bank and AHC.

This report analyzed applications, originations, and denials for conventional and government backed home purchase mortgages (referred to throughout this report as FHA loans, although they may include VA or FmHA loans). Unless otherwise specified, the word "Fleet" refers to all affiliates, i.e. Fleet Bank, Fleet Real Estate Funding, Fleet National Bank, and Fleet Home Equity, and their respective lending.

Denial/ rejection rates were figured by calculating the number of denied mortgage applications divided by the number of applicants from specified demographic groups. It does not include incomplete or withdrawn applications.

Rejection ratios were determined by the rejection rate for one specified group divided by the rejection rate of another group, e.g. the rejection rate of African-American applicants divided by the rejection rate for white applicants. The figure describes the increased likelihood that one demographic group is rejected for loans in comparison to another group.

LaFreda Simuel
54 2nd Street
Hamden, CT 06514

June 29, 1999

To whom it may concern,

I am a first-time homebuyer. I was able to purchase a two family house on 54 2nd Street, Hamden, CT through the Acorn Housing Program. My closing date was schedule for April 9, 1999. Acorn assisted me tremendously in my effort to receive a loan from Fleet Bank.

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Sincerely,

LaFreda Simuel

June 30, 1999

Bob Brady
Vice President
Boston Federal Reserve Bank
600 Atlantic Ave
Boston, MA 02106

Dear Mr. Brady:

I am writing to express my serious concerns about the proposed merger between Fleet Financial Group and BankBoston Corporation. This merger will create a regional megabank which will dominate local markets, controlling more than 1/4 of every dollar held by New England banks and thrifts. A bank this large must do a good job of meeting the credit needs of all of our communities, and Fleet does not appear willing to live up to this standard.

Where it operates alone, without ~~community partners~~, as for example in those cities served by Fleet Real Estate Funding, affiliates of Fleet have a terrible record of serving the credit needs of lower income and non-white borrowers. In city after city, Fleet Mortgage overwhelmingly concentrates its loans in higher income census tracts, and in majority white census tracts. In Bridgeport, for example, in 1997 Fleet Real Estate Funding made less than 7% of their conventional loans in low and moderate income areas, and rejected African-Americans over five times more often than white borrowers. Over 70% of loans made by Fleet National Bank were in census tracts where fewer than 20% of residents are members of minority groups.

Where Fleet has developed community lending programs with local partners, their record looks different. While the bank has continued to reject minority borrowers at rates significantly higher than white borrowers, as a result of successful partnerships it has also in the past made a significant number of loans in some of these communities. In Bridgeport, Fleet's partnership with ACORN Housing Corporation has been responsible in recent years for pluralities and even majorities of all of the bank's loans to low and moderate income borrowers, and to nonwhite borrowers. In 1997, for example, where all Fleet affiliates combined made a total of 52 loans to African American and Hispanic borrowers in Bridgeport, 48 of the loans were made through the AHC lending partnership. In short, without this partnership, Fleet would have made almost no loans to African American or Hispanic borrowers in our city.

Now, as it proposes to grow still larger by merging with BankBoston, Fleet is walking away from this partnership. The bank has refused to continue the flexible underwriting and other practices which have made so many loans happen in Bridgeport. This refusal can only dramatically accelerate the existing downward trend of Fleet's lending

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Fleet and BankBoston must make a serious commitment to turning this decline around, and to continuing and expanding successful community partnerships, not walking away from them. Without these changes, the Fleet / BankBoston merger will do significant harm to our communities.

Sincerely,

A handwritten signature in black ink, appearing to read "Carmel Prother". The signature is fluid and cursive, with a large initial "C" and "P".

CC:

Terrance Murray
CEO Fleet Financial
One Federal Street
Boston MA 02211-2000

Jennifer Johnson
Secretary of the Federal Reserve Board
20th & Constitution Ave. NW
Washington, DC 20551

June 30, 1999

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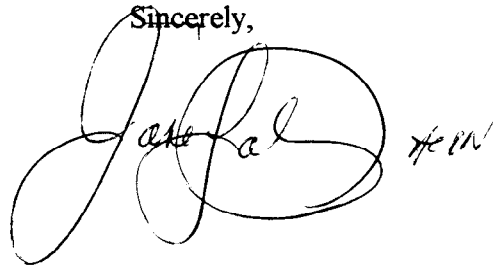
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Sincerely,

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CC:

Terrance Murray
CEO Fleet Financial
One Federal Street
Boston MA 02211-2000

Jennifer Johnson
Secretary of the Federal Reserve Board
20th & Constitution Ave. NW
Washington, DC 20551

DEAR ACORN HOUSING

I AM WRITING YOU THIS LETTER TO THANK YOU ALL VERY MUCH FOR ALL THE HARD WORK THAT YOU ALL DID FOR ME. IT TOOK SOME TIME BUT IT ALL WORKED OUT YOU HELPED ME ON THE RIGHT TRACK TO FIXING MY CREDIT AND THEN LED ME TO THE PERFECT BANK.

I ALWAYS DID MY BANKING THREW PEOPLES BANK BUT NOW I SEE THE DIFFERENCE BOTH IN SERVICE AND PEOPLE. SHARON AND DANITA THAY WERE GREAT. THAY WERE REALY DOWN TO EARTH AND MADE ME FEEL LIKE I WAS BEING WELCOMED INTO A GROWING FAMILY. NOT JUST ANOTHER BUSINESS DEAL.

SO THANK YOU ALL VERY MUCH FOR ALL YOUR HARD WORK WITHOUT ACORN AND FLEET I WOULD NOT BE A PROUD HOME OWNER TODAY.

THANK YOU

Sharon & Danita

June 30, 1999

Bob Brady
Vice President
Boston Federal Reserve Bank
600 Atlantic Ave
Boston, MA 02106

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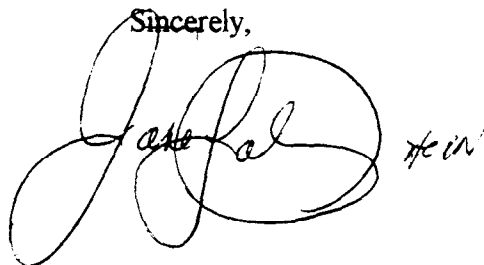
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CC:
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One Federal Street
Boston MA 02211-2000

Jennifer Johnson
Secretary of the Federal Reserve Board
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Washington, DC 20551

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June 29, 1999

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Sincerely,

LaFreda Simuel

June 30, 1999

Ms. Doris Latorre
240 Fairfield Avenue
Bridgeport, CT 06604

SUBJECT: ACORN HOUSING PROGRAM

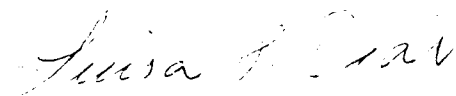
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Since I began working with ACORN Housing Program in 1993, I have been impressed with their dedication in helping people obtain their dream; buying their own home. Their commitment to first-time homebuyers is shown through the programs they offer. ACORN educates the first-time homebuyer through the entire home buying process, including pulling and explaining credit reports to the point of helping first time buyers qualify for a mortgage. ACORN also ensures that the first-time homebuyer is ready for the responsibilities of owning a home. Their counseling programs such as managing money play a significant role in ensuring the success of these buyers as homeowners.

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Sincerely,



Luisa P. Dias

6/30/99

ATT- Accorn ↓ Benjamin:

I'am writing to inform you and your staff, that I am very grateful for all your support.

The accord program is an asset to all, the first time home buyers.

I specially would like to thank your staff for being so welcoming and friendly. This program has supplied me with information to the first steps in buying a home, what we need to be aware of and the way to shop wisely. A home for me and my family is a dream come true. There Really is a lot of important factors to look into, before buying a house. you have saved us time and money on this big step. Thank you Again"

Sincerely:

Benito Vargas
(203) 324-1659

6/30/99

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Sincerely,
Benito Vazquez
(203) 324-1652

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Isidoro D. Dacienha

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Vice President
Boston Federal Reserve Bank
600 Atlantic Ave
Boston, MA 02106

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CC:

Terrance Murray
CEO Fleet Financial
One Federal Street
Boston MA 02211-2000

Jennifer Johnson
Secretary of the Federal Reserve Board
20th & Constitution Ave. NW
Washington, DC 20551

Telephone 203 333-1177
Telecopier 203 384-9832

Law Offices

Weinstein, Weiner, Ignal, Napolitano & Shapiro, P.C.

350 Fairfield Avenue

P.O. Box 9177

Bridgeport, Connecticut 06601

Howard Evan Ignal
Gerald T. Weiner
Burton M. Weinstein
Roberta Napolitano
Richard J. Shapiro
Judith A. Muzaka

June 29, 1999

Doris Latorre
Acorn Housing Corporation
240 Fairfield Avenue
Suite 303
Bridgeport, CT 06604

Dear Doris:

You recently inquired concerning my experience with both your program, and more specifically loans that have closed with Fleet Bank. I can again express my thoughts concerning the work that you and ACORN have been doing with regard to helping members of the community to obtain housing in the area, and can specifically respond concerning Fleet Bank. They're great.

One of the benefits of this program is that one of your participating lenders is Fleet. I know from my end that hearing that there has been a referral to Fleet is always good news. From the help that Sharon, Denita, and James give buyers in getting the ball rolling, to the people in the closing department, it is always a pleasure to work with Fleet. This, of course, is a great benefit to those first time buyers who often just don't know which end is up.

As you know, I have been involved in many closings that arise out of your program, and have been regularly attending the Home Buyer's seminars that are given by ACORN, assisting in explaining the process of buying a house to prospective purchasers.

Having been at these seminars, I can attest to the quality and breadth of the presentation. Buyers are advised as to aspects of the transaction ranging from dealing with real estate brokers, maintenance of good credit, solving problems, the mechanics of the lending process, contracts and closing. From speaking with participants, I know that one of the most valuable parts of the process is that buyers receive good information, presented in a manner that fosters both learning, and allowing the buyer to ask questions. So many times I have seen

first time home buyers be treated in a manner that does not leave the door open for them to ask the questions that they have. That does not happen in your seminar.

Having represented numerous purchasers in these transactions, I also know that they appreciate not only the seminars, but the access to the lenders. This comes not only from the close relationship that ACORN has with a lender such as Fleet, which smooths the application and approval process, but, as well, from the assistance to first time buyers in organizing the necessary documents, and the guidance to look for housing in a price range for which financing will be a reality.

I appreciate the opportunity to work with you, and can certainly recommend this program as one which truly stands out as one that benefits this community. The great American dream of owning a home is not simply a phrase...it is a meaningful and significant event for your clients. It is one that ACORN has facilitated for many people, and for which you deserve great credit. The same credit goes to Fleet, and the human side that they give to these transactions. Without the patience of people like Fernando Ruiz, Damita Davis, Sharon Scrimenti, James Morton—buyers would have a much harder time.

If you need any other information, by all means, give me a call.

Very truly yours,



Richard J. Shapiro



4083 Main St., Bridgeport, CT 06606 Telephone (203) 372-6996 Fax (203) 372-9985

June 29, 1999

Ms. Doris Latorre
240 Fairfield Ave.
Bridgeport, CT 06604

Dear M. Latorre:

The ACORN Housing Program is excellent to prepare the first time buyers. Many of our clients have used this program and they have been pleased with it. We know for a fact that if it was not for this program, many of our clients would not have been able to buy their first home.

In our opinion, it is good for the city of Bridgeport to have as many people as possible to own and occupy the residential properties, because it gives the owners pride, responsibility and an incentive to improve their homes and their neighborhoods.

Sincerely,

A handwritten signature in cursive script that reads "Domingos M. Dias".

Domingos M. Dias
Partner



4083 Main St., Bridgeport, CT 06606 Telephone (203) 372-6996 Fax (203) 372-9985

June 30, 1999

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SUBJECT: ACORN HOUSING PROGRAM

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Sincerely,

A handwritten signature in cursive script that reads "Luisa P. Dias".

Luisa P. Dias



The Commonwealth of Massachusetts
House of Representatives
State House, Boston 02133-1054

REPRESENTATIVE
LIZ MALIA
11TH SUFFOLK DISTRICT

ROOM 540, STATE HOUSE
TEL: (617) 722-2090
FAX: (617) 722-2706
Rep.LizMalia@state.ma.us

Committee on:
SCIENCE and TECHNOLOGY
PERSONNEL and ADMINISTRATION
COUNTIES

LEGISLATIVE AIDE
KAREN VAN KOOPY
Karen.VanKoopy@state.ma.us

July 05, 1999

Bob Brady
Vice President
Boston Federal Reserve Bank
600 Atlantic Avenue
Boston, MA 02106

Dear Mr. Brady:

I am writing to express my serious concerns about the proposed merger between Fleet Financial Group and BankBoston Corporation. As your notice about the upcoming hearing remarks, this proposal involves the two largest banks in New England, and will create a regional megabank which will dominate local markets. I am concerned about the impact of this merger on local communities, and especially on low and moderate income and minority families.

Where it operates alone, without community partners, as for example in those cities served by Fleet Real Estate Funding, affiliates of Fleet have a terrible record of serving the credit needs of lower income and non white borrowers. In city after city, Fleet Mortgage overwhelmingly concentrates its loans in higher income census tracts, and in majority white census tracts. This pattern holds true for Fleet Mortgage in New England as well.

In Boston, for example, in 1997 Fleet Real Estate Funding made only 16% of its conventional loans in low and moderate income areas, and rejected African American and Latino borrowers twice as often as white borrowers. In Springfield, Fleet Real Estate Funding made no loans in low-income areas and only one loan in a moderate-income community in 1997. They also made no loans in census tracts where more than 50% of the residents are minorities. Almost 80% of loans by Fleet entities in Springfield were in census tracts that are less than 20% minority. In Brockton, Fleet National Bank again made no loans in low income census tracts or in tracts at least 50% minority.

Where Fleet has developed community lending programs with local partners, their record looks different. While the bank has continued to reject minority borrowers at rates

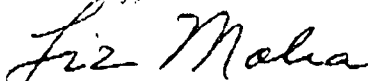
significantly higher than white borrowers, as a result of successful partnerships it has also in the past made a significant number of loans in some of these communities.

The trend in recent years, however, as Fleet has grown and incorporated other institutions, has been a decline in lending overall in Massachusetts, and a steeper decline in lending to low and moderate income and to minority borrowers. Between 1995 and 1998 overall lending by Fleet fell by 46% (that is lending by Fleet and Shawmut in 1995 compared with lending by Fleet, which had by then acquired Shawmut, in 1998). Lending to African American borrowers fell by 52.4%, and lending to low and moderate income borrowers of all races fell by 50.7%.

It is in this context that I am so troubled by the fact that as it proposes to grow still larger, Fleet appears to be withdrawing from the agreements, and the practices, which have helped create a more adequate performance from the bank than from the Mortgage company. In the Boston MSA, Fleet National Bank reported 377 conventional loans to African American and Latino borrowers in 1997; I understand that 134 loans, more than 90% of them to African American and Latino borrowers, came through the ACORN Housing Corporation Loan Counseling program alone; that is, 32% of the banks loans to African American and Latino borrowers came through this program. Now, however, I understand that Fleet is refusing to continue the flexible and underwriting and other practices which made the program, and these loans, possible. Abandoning this single program alone will result in a precipitous decline in the banks low and moderate income and minority lending; the shift in direction it suggests can only amplify the problem many fold.

Unless there is a significant strengthening of their commitment to do what is necessary to maintain and increase the flow of credit to underserved areas, I believe that the BankBoston / Fleet merger will do significant harm to our communities.

Sincerely,


Representative Liz Malia

CC:
Terrance Murray
CEO Fleet Financial
One Federal Street
Boston, MA 02211-2000

'FOUNDED IN 1898 AS'



**NATIONAL CONFERENCE
OF FIREMEN & OILERS**
SERVICE EMPLOYEES INTERNATIONAL UNION, AFL-CIO, CLC



LOCAL 3

P.O. BOX 423
402 RUTHERFORD AVENUE
CHARLESTOWN, MASSACHUSETTS 02129
617-242-1410
Fax 617-242-0166

BUSINESS AGENT
THOMAS E. BRASSIL

PRESIDENT
DANIEL M. FLANAGAN
VICE PRESIDENT
WARREN BUTLER
SECRETARY-TREASURER
THOMAS P. DUNNE
RECORDING SECRETARY
EDWARD BRASSIL

Bob Brady
Vice President
600 Atlantic Ave
Boston, MA 02106

Dear Mr. Brady

We are writing to express our concern over the community impact of the merge between the Fleet Bank and Bank Boston. The two banks have worked with the Massachusetts Association of Community Organization for Reform Now in helping low and moderate-income borrowers purchase homes

Our understanding is that the program to help families has been successfully implemented through ACORN and that ACORN has also provided credit and budget classes to make this a success.

It is unacceptable for the Fleet and BankBoston banks to end its community partnership with ACORN. These banks make their profits from the working people who live in Massachusetts and should not be allowed to forget its ties to the community.

As the prices of housing soars, and the Greater Boston Area becomes a place where only the rich can afford to live, who will stand with the people that have worked so hard to make Boston what it is today?

We urge the Fleet Bank to not turn its back on our community and ask that it continue to work with ACORN in supporting the working people of Boston.

Sincerely,

Ed Brassil
Business Agent



Terrance Murray
CEO Fleet Financial
One Federal Street
Boston, MA 02211-2000

Dear Terrence Murray,

As an account holder at Fleet Bank I am appalled with your refusal to renew the contract with ACORN Housing Corporation. The union of the two most powerful banks in Boston is creating one of the most profitable monopolies in the New England region. It is appalling that you plan to terminate a housing program that has brought Fleet Bank 23.6% of its total loans to low and moderate income people.

ACORN, *Association of Community Organizations for Reform Now!*, has helped hundreds of low-income people purchase homes annually. ACORN's First-Time Homebuyers Program has successfully stimulated Boston's economy by reinvesting in many forgotten neighborhoods such as Dorchester and Roxbury.

I am so astonished by the discriminatory practices, that I am planning to close my bank account by August 1, 1999 or until you agree to re-open negotiations with ACORN and continue the housing program with ACORN. This is not a decision I take lightly and as such will inform my friends and co-workers of your current discriminatory practices.

Sincerely,

Robert Barnes
75 Woodbine Ave

Terrance Murray
CEO Fleet Financial
One Federal Street
Boston, MA 02211-2000

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Sincerely,

Teresa Smith
147 Standard St.
Mattapan, Mass. 02126

Charles Gifford, CEO
BankBoston
100 Federal St.
Boston, MA 02110

Dear Mr. Gifford,

The union of Fleet Bank and BankBoston, the two most powerful banks in Boston, is creating one of the most profitable monopolies in New England. As an account holder at BankBoston I am writing to you because I am appalled with Fleet Bank's refusal to renew their contract with ACORN Housing Corporation (AHC). It is reprehensible that Fleet Bank plans to terminate AHC's housing program.

Fleet Bank has a long-time history of discrimination, evidenced by the investigation into Fleet Bank for charging minorities higher loan origination fees and interest rates by the Department of Justice in 1995. Fleet Bank has continued this discrimination by cutting a successful program that helps low- and moderate income people to buy their own homes. ACORN Housing Corporation, has helped hundreds of low-income people purchase their own homes each year. AHC's First-Time Homebuyers Program has also successfully stimulated Boston's economy by reinvesting in many forgotten neighborhoods such as Dorchester, Mattapan and Roxbury. In 1997 ACORN Housing Corporation's loans made up 14.5% of Fleet's loans in the Boston area, and 23.6% of their loans to low and moderate income families. Over the past two years AHC has made Fleet 57 million dollars in loans. Yet, Fleet has terminated this program which enables low and moderate-income people to buy their own homes. I urge you to stop this discrimination.

I am so astonished by Fleet Banks discriminatory practices, that I will be closing my BankBoston account on August 1, 1999 unless Fleet Bank agrees to continue the housing program with ACORN Housing. This is not a decision I take lightly and as such will inform my friends and co-workers of Fleet Banks current discriminatory practices. Thank you for your cooperation.

Sincerely,

Antonia Asencio

6 Woodhole Ave. #9
Mattapan MASS 02126

Charles Gifford, CEO
BankBoston
100 Federal St.
Boston, MA 02110

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Sincerely,

Kuan Lee

*22 Woodruff Way
Mattapan, Ma. 02126*

Boston 06-29-99

To
Gerance Murray

From Ethelinda M Lambert

The reason of this letter is
to let you know that I
don't like the idea that you
are removing your self from
Acorn Housing after all
this, I hope you change
your mind

Thank you

Ethelinda M Lambert

6/22/21

Mr Terrence Murray

I don't like the idea that
you are removing yourself from ACOH
housing. ~~you can do~~ and taking away
the program for our neighborhood.

I hope you change your mind

Ganice James
7 Oakwood St
Dorchester

Dear Mr Murray,

I am a concern resident of Dorchester. I own my own home for over twenty years. I am angry with Fleet-Banks ~~discriminatory~~ practices and Fleet's terminations of Acorn housing program. This program has helped many people in my neighbourhood buy their own home. Stopping this program will end the dream for many people of owning their own homes.

Sincerely

Yours

Benette Atkins

June 30, 1999

2180 Bolton Street #1B
Bronx, New York 10462

Mr. Bob Brady
Vice President
BOSTON FEDERAL RESERVE BANK
600 Atlantic Avenue
Boston, Massachusetts 02106

Dear Mr. Brady:

I am a member of ACORN Housing Corporation ("ACORN"). I have concerns regarding the proposed merger between Fleet Bank and Bank Boston.

Fleet Bank currently requires unreasonable minimum balances which affect families in the low to medium income brackets. Also, Fleet has canceled the special home buyer program available to ACORN members, which provided 1% below market interest rates, and proved to be very beneficial. This program needs to be reinstated as the merger goes into effect.

Large banks such as Fleet need to provide more accommodating services to people striving to make an honest living. They need to take more responsibility of the future of our families and neighborhoods we live in. I am asking that you please ensure that the future policies of your bank provide more attention to our community's needs.

Thank you for your kind attention to this matter.

Very truly yours,



Paul G. Casciaro

BOB BRADY VICE PRESIDENT
BOSTON FEDERAL RESERVE BANK
600 ATLANTIC AVE.
BOSTON, MA 02106

DEAR MR. BRADY:

I AM WRITING TO YOU BECAUSE I AM WORRIED ABOUT FLEET'S RECENT DECISION TO END ITS SUCCESSFUL HOMEBUYERS' PROGRAM WITH ACORN. WITHOUT THE AGREEMENT TO PROVIDE FLEXIBLE UNDERWRITING TO PEOPLE OF LOW AND MODERATE INCOMES, FLEET WILL CONTINUE TO REDUCE THE SERVICES THAT IT OFFERS TO ALREADY-UNDERSERVED COMMUNITIES. AS FLEET PREPARES TO MERGE NOW WITH BANKBOSTON, THE OPTIONS AVAILABLE TO MINORITY HOMEBUYERS IN NEW YORK WILL BE TRAGICALLY FEW.

I HOPE THIS PARTNERSHIP BETWEEN FLEET AND ACORN CONTINUED BECAUSE I AM IN THE PROCESS OF BUYING A HOME THROUGH THIS PROGRAM. WHILE LARGE BANKS ARE MAKING SO MUCH MONEY WE NEED MORE OF THESE PROGRAM NOT LESS, THE HOMEBUYERS PROGRAM WILL BE THE ONLY WAY I WILL BE ABLE TO BUY A HOME ALONG WITH A LOT OF OTHERS LOW AND MODERATE INCOME FAMILIES.

SINCERELY,

DOROTHY CARROLL -JONES

Bob Brady Vice President
Boston Federal Reserve Bank
600 Atlantic Ave.
Boston, MA 02106

Dear Mr. Brady:

I am writing to you because I have just learned of Fleet Bank's intention to merge with BankBoston, which is very troubling to me. The service that Fleet currently provides in minority communities is inadequate when considered next to the need that exists there. Their bank accounts require high minimum balances to avoid service fees and those that best suit customers with low or moderate incomes are not promoted at branches in appropriate neighborhoods. Now they have canceled their special homebuyer program offered in partnership with ACORN, which offered loans at one percent below market interest rates.

Minority communities are underserved by large banks like Fleet. Their reluctance to do equal amounts of business in our neighborhoods has encouraged high-interest lending and check cashing. Now all banks are large like Fleet and so financial instability in New York will worsen. That is why it is so important that Fleet continue the homebuyer program that it has run with ACORN, especially as it merges with BankBoston.

Sincerely,

Wilma Smith

Bob Brady Vice President
Boston Federal Reserve Bank
600 Atlantic Ave.
Boston, MA 02106

Dear Mr. Brady:

I am writing to you because I am worried about Fleet's recent decision to end its successful homebuyers' program with ACORN. Without the agreement to provide flexible underwriting to people of low and moderate incomes, Fleet will continue to reduce the services that it offers to already-underserved communities. As Fleet prepares to merge now with BankBoston, the options available to minority homebuyers in New York will be tragically few.

I know that this partnership between Fleet and ACORN worked well because I was able to buy a home through the program. Especially at a time when large banks are making so much money, we need more of these programs not less. Unfortunately, the homebuyers' program was the only way I found to buy a home. Now other people in New York like me won't even have the same chance.

Sincerely,

CLEMENT L. FEARTY



Bob Brady Vice President,
Boston Federal Reserve Bank
600 Atlantic Ave.
Boston, Mass. 02106

Dear Mr. Brady,

I am writing to you because I'm concerned about the decision that Fleet has made about not continuing their business with Acorn. I feel as though a lot of low-income people are going to be treated unfairly due to this, and myself live in a low-income development and some day would like to have the opportunity to own a home, and Fleet will make that very impossible for me. It's hard to get loans from large banks, and Acorn would be that helping hand I would need to succeed. I'm very upset with the decision Fleet has made.

Sincerely,
Teresa Smith
147 Standard St.
Mattapan, Mass. 02126

July 1, 1999

Bob Brady Vice President
Boston Federal Reserve Bank
600 Atlantic Ave.
Boston Ma. 02106

Dear Mr. Brady.

I heard about Fleet merging with Bank Boston. I did not know that this was going to effect loans for low and moderate income people. I was very upset to hear that. Fleet has canceled the Homebuyers Program with a/carn. I think it is very unfair to the people in the community. We bank with you and do business with you as well as others. I plan on becoming a home buyer thru this program. I hope that you will be more considerate of the people in the community and not pull out.

Sincerely.

Ms Murray

Gale Murray
60 Woodruff Way
Mattapan Ma. 02126

Bob Brandy Vice President
Boston Federal Reserve Bank

500 Atlantic Ave
Boston, Ma 02106

Dear Mr Brady:

My name is Sagine. I am 8. My mom

asked me to write because we are here
Litan and her english is not very good.

My dream is to buy a home. with the help
of acorn's housing program we hope to
be able to save enough money in 10 years.

Because Fleet bank doesn't change and work
with acorn's housing program we will never
be able to afford a house. Thank you

Sagine Gay

THANKS Marie Gay
10 WOODGATE ST
MATTAPAN MA 02126

Bob Brades
Vice President
BOSTON Federal Reserve Bank
600 ATLANTIC AV. ~~BOST~~
BOSTON MASS 02106

Querido Señor Brades-

Necesito su ayuda para
arreglar los problemas de
la Comunidad de Boston
y de Mattapan.

Estoy muy preocupado
por la situación de
Housing - estoy triste

que Fleet Bank para
los programas de
Homebuyers porque
queremos un lugar
más seguro para
nuestros niños.

As my trust Com
Fleet Crece y Ayud
mezo. a la Comuni
Sinceramente

Antonio Maldon.

6 Woodpole Av. #
Mattapan.
Mass 02126.

Dear Mr Murray,

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Sincerely

Yours

Bonnie Atkins

Terrance Murray
CEO Fleet Financial
One Federal Street
Boston, MA 02211-2000

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147 Standard St.
Mattapan, Mass. 02126

Charles Gifford, CEO
BankBoston
100 Federal St.
Boston, MA 02110

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Sincerely,

Antonia Asencio

6 Woodhole Ave. #79
Mattapan MASS 02126

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BankBoston
100 Federal St.
Boston, MA 02110

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Sincerely,

Mani Lee

*22 Woodruff Way
Mattapan Ma. 02126*

June 30, 1999

2180 Bolton Street #1B
Bronx, New York 10462

Mr. Bob Brady
Vice President
BOSTON FEDERAL RESERVE BANK
600 Atlantic Avenue
Boston, Massachusetts 02106

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Very truly yours,



Paul G. Casciaro

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BOSTON FEDERAL RESERVE BANK
600 ATLANTIC AVE.
BOSTON, MA 02106

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DOROTHY CARROLL -JONES

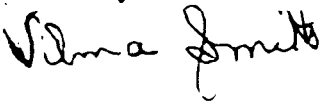
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Boston Federal Reserve Bank
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Boston, MA 02106

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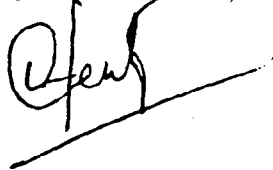
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Sincerely,

CLEMENT L. FEARY

A handwritten signature in black ink, appearing to read "C. Feary", written over a horizontal line.

Terrance Murray
CEO Fleet Financial
One Federal Street
Boston, MA 02211-2000


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75 unedhol or

4/2

Mr Terrance Murray

I don't like the idea that
you are removing yourself from ACO
housing. ~~you can do~~ and taking on
the program for our neighborhood.

I hope you change your mind

Janice James
7 Oakwood St
Dorchester

Boston 06-29-99

To
Terrance Murray

From Ethelinda M Lambert

The reason of this letter is
to let you know that I
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are removing yourself from
Acorn Housing after all
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your mind

Thank you

Ethelinda M Lambert