C H A P A

Citizens' Housing and Planning Association, Inc.

Testimony of Ellen Feingold to the Federal Reserve Bank Regarding the Proposed Merger of Fleet and BankBoston

July 7, 1999

My name is Ellen Feingold and I am the president of Citizens' Housing and Planning Association. Thank you for providing me with the opportunity to testify this morning.

About CHAPA

Established in 1967, CHAPA is a non-profit organization that advocates for the production and preservation of affordable housing for low income people.

Our membership of 1,500 people is made up of a broad range of interests, including housing providers and developers, tenants, advocacy organizations, government officials, local planners, lenders, and many others. We are one of the largest and most diverse housing coalitions in the region.

Why the Merger is Important

The proposed merger between Fleet and BankBoston is especially important to the affordable housing community for three reasons:

(1) Today, we face a housing crisis of enormous and growing proportions. Low and middle income residents in New England are being priced out of the homeownership and rental markets in record numbers.

(2) Government cutbacks at the state and federal levels have meant that affordable housing developers must rely on private financial institutions to a much greater extent than ever before.

(3) In recent years, the housing community has worked closely with both Fleet and BankBoston to craft solutions to the housing affordability problem. This merger provides an important opportunity to build and expand on this recent progress. On the other hand, without certain specific lending commitments that will directly benefit low and moderate income people, this merger poses a real danger because community investment could fall dramatically in the areas that need it the most.

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Federal Reserve Stipulations on Merger

Since the proposed merger was announced, Fleet and BankBoston have submitted a general proposal to commit $4 billion in affordable housing mortgages and $2 billion in community development lending over five years. This was part of an overall $14.6 billion proposal.

As part of your consideration of this merger, the Federal Reserve should require Fleet and BankBoston to do the following:

1. Provide details on how this overall commitment compares with the combined lending of the two banks over the past three years, with a breakdown for each New England state. Their proposed level of commitment cannot be evaluated without this critical information.

2. Provide specific programmatic details for each lending area. For example, it is not enough to say that a certain amount of funds will go toward rental housing development. The proposal must specify what will be the terms of this lending, how it will be achieved, what delivery systems will be used, and what income groups will be served.

3. Finally, Fleet and BankBoston should enter into a written agreement with the appropriate housing and community development organizations--similar to previous CRA agreements that both banks have entered into. It is absolutely essential that a sound mechanism is developed to ensure that these commitments will be upheld and monitored.

In order for the banks to fulfill these requirements, we ask that the Federal Reserve extend its public comment period for an additional two weeks after the banks submit a revised community investment proposal.

CHAPA's Priorities for Community Investments

CHAPA's particular focus is on affordable housing, and we therefore, would like to see the following five priorities addressed as a condition of the merger:

(1) Fleet/BankBoston should expand their commitment to the Soft Second Mortgage Program statewide. The Soft Second Program has been one of the most effective programs for helping low income families become homeowners.

(2) The banks should convert their required MHP Fund commitment to equity, similar to what BankBoston did during the merger between the Bank of Boston and BayBanks. While there are many sources of permanent financing to build rental housing, it is extremely difficult to obtain equity so that developers can provide more affordable apartments.

(3) The merged bank should expand its commitment to funding and sustaining homebuyer education and counseling throughout the region. As banks move towards more flexible underwriting, it is critical to support the network of homebuyer counseling agencies--for both pre-purchase, post-purchase, and foreclosure prevention counseling.

(4) The merged bank should continue its membership in the Federal Home Loan Bank of Boston over the long-term to ensure access to its affordable housing and community investment programs.

(5) The combined bank should expand its commitment to foundation giving. Many groups which receive funds from both banks believe they will see reduced foundation funding as a result of this merger. The Federal Reserve should ensure that this does not happen.

We look forward to receiving more details on the ways in which the merged bank will maintain and expand its commitment to investing in low and moderate income neighborhoods. Thank you very much for giving me this opportunity to testify.

Minority Developers Association
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Boston, Massachusetts 02115
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July 7, 1999

Fleet Financial Group, Inc.
BankBoston Corporation
Public Meeting Information

We thank you for this public opportunity to express our views on the impact of the proposed merger of BankBoston and Fleet Bank upon our community's minority and women-owned businesses.

As you know, small businesses employ over 53% of this nation's workforce and they produce over half of the nation's gross domestic product, and they provide virtually all of the new net jobs added to the economy. [Source: Elaine F. Guiney, Mass. Director of U.S. Small Business Administration]

Financial institutions have an obligation to provide vital financial services to the communities in which they are located. In today's growing economy we have an opportunity to grow productive, stable businesses, particularly within the minority-owned business sector, that will continue to provide job opportunities for community residents.

Consolidation with in the banking and real estate industries makes access to capital for small and mid-sized real estate companies difficult. Smaller sized and mixed-use projects cannot be financed through the public capital markets, and often rely on Federal, State and local programs combined with creative, flexible and innovative Bank financing in order to be successfully completed.

Companies and customer located in inner-city neighborhoods know that the untapped market potential in their neighborhoods is enormous. The challenges for these businesses are also great. Having a relationship with a Bank which knows the market and is experienced with the technical aspects of public/private partnership financing enables companies to spend less time trying to find capital, an more time growing their businesses.

Bank Boston Development Company LLC, a part of the BankBoston Community banking group, has pioneered in meeting the financial needs of the minority and women-owned business enterprises by providing just such vital financial service: equity investments that grow minority businesses.

As part of the regulatory and community review and approval of the proposed merger of BankBoston and Fleet Bank, it is vital that an equity investment fund, consisting initially of Five Hundred Million Dollars, be dedicated to continue providing substantial equity investments in viable minority and women-owned businesses.

This emerging market, minority and women-owned businesses, is the fastest growing segment of the business community. These businesses are also a tremendous growing business opportunity for the new bank. By building upon the successful track record of BankBoston Development Company and by expanding its capacity for direct equity investment in minority and women-owned businesses, this new financial institution will make a great and lasting contribution to our community.

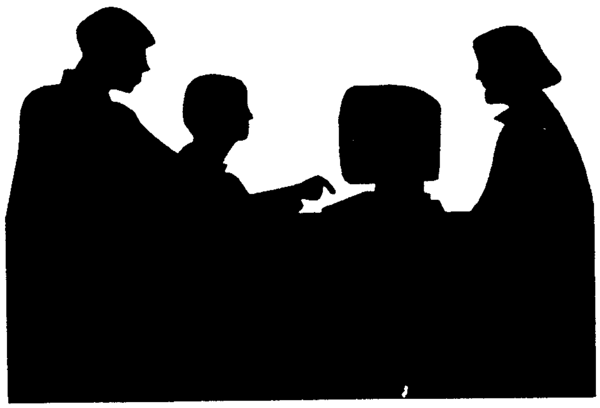
With substantial financial equity investment focused on our community's MBE/WBE businesses, the new bank will empower the productive, economic capacity of our community's businesses. The hard work, long hours and personal sacrifices of the owners of these MBE/WBE businesses, properly capitalized, will then generate new jobs, security for the working families in our community and successful role models for our children.

Respectfully yours,

Kenneth I. Guscott

Kenneth I. Guscott
President
Minority Developers Association

1997 LENDING ANALYSIS ROCHESTER, NEW YORK



Issued by:

Greater Rochester Community Reinvestment Coalition
(GRCRC)
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EXECUTIVE SUMMARY

This report, issued by the Greater Rochester Community Reinvestment Coalition (GRCRC) contains an analysis of Home Mortgage and Small Business lending patterns. The analysis looks at aggregate lending, as well as lending by the eight largest banks, by amount of local deposits and branches located in the Rochester Metropolitan Statistical Area (MSA). These banks are Chase Manhattan, Citibank, Charter One (RCSB), First National Bank, Fleet, Key Bank, M & T and Marine Midland Bank (HSBC).[1]

GRCRC was convened in 1993 to generate discussion about the lending patterns in Rochester. Since then, the Coalition has released four analyses of home mortgage and small business lending data.[2] We have used the analyses to identify strengths and weaknesses in lending patterns and to generate ongoing discussion with the banks in question. The Coalition also submits comments, based on the data, to the appropriate Federal regulators who have oversight of the banks. This analysis continues the dialogue.

The report is divided into four parts, the first two focus on Home Mortgage Disclosure Act (HMDA) data, while the third and fourth focus on small business lending data.

The HMDA portion of the analysis is further divided into two parts. The first analyzes the aggregate HMDA data in the Rochester MSA by all financial institutions. It discusses the changes in the market over the last five years; examines lending in the City of Rochester; looks at lending to traditionally under-served populations and neighborhoods; and compares denial rates across racial categories. There is also a section comparing the HMDA lending in Rochester to lending in Buffalo, as well as the changes in those markets.

The second part looks at the individual HMDA lending patterns of the eight largest banks serving the Rochester MSA and focuses primarily on 1996 and 1997 data.

The small business lending portion of the report is also divided into two parts and compares changes in lending between 1996 and 1997, in Monroe County.[3] The part on aggregate lending looks at: lending in low–moderate income census tracts; loans to businesses with Gross Annual Revenues (GAR) <$1 million; and loans in the City of Rochester. The section on the individual banks looks at the individual lending patterns of the seven largest banks serving Monroe County.

The report examines some of the changes in mortgage lending that have occurred since 1992. The eight largest depository institutions no longer originate most of the HMDA loans in the MSA. Sub-prime lenders, credit unions and mortgage banks now account for

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[1] 1996 Data for First Federal Savings and Loans of Rochester (acquired by Marine Midland) and OnBank (acquired by M & T) is also included.

[2] Analysis of home mortgage loans (1994 and 1996), analysis of home mortgage denials (1995), Small Business loans (1997).

[3] Small business loan data is only available for these two years.

more than half the HMDA loans in the MSA. The report also focuses on the low percentage of the dollar volume of loans to business with GAR < $ 1 million in the Rochester MSA.

Some of the most significant findings of the report are as follows:

- The eight largest banks decreased their HMDA lending by 60% between 1993 and 1997.
- The ten largest sub-prime lenders increased their HMDA lending by 608% between 1993 and 1997.
- Rochester has made more significant gains than Buffalo in improving HMDA lending to traditionally under-served populations in the last five years.
- Since 1992, home mortgage lending to city residents, Black and Hispanic households and low-moderate income people has improved.
- In 1997, 30% of all HMDA loans in the MSA were originated to low-moderate households, down from 32% in 1995, but up from 27% in 1996.
- In 1996, HMDA lending to Black/Hispanic households increased by 12% over 1995 and then stayed the same in 1997.
- The Black to White denial ratio was actually higher for upper income Black applicants (2.6: 1) than lower income Black applicants (1.5:1) for HMDA loans in 1997.
- In 1997, only 25% of the dollar volume of small business loans were originated to businesses with GAR < $ 1 million in the Rochester MSA. Nationally, 40% of the dollar volume of small business loans were originated to businesses with GAR < $ 1 million.
- In 1997 the number of small business loans increased by 9%.

The Coalition is proud of the gains achieved over the last five years and is determined to carry its work with lenders in the same spirit of mutual cooperation that has served us so well these last five years.

For more information about the Coalition or the report call Ruhi Maker Esq. at 716-454-4060 or e-mail at rmaker@wnylc.com.

To purchase a copy of the report please send $12 (check or money order) to the Public Interest Law Office of Rochester, 80 St. Paul St. Rochester, NY 14604.
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Part 1

A. LOANS BY ALL HMDA LENDERS IN THE MSA.

Within this decade, there has been a significant shift in home mortgage lending in Rochester. The market share of the largest local banks has declined and new types of lenders have entered the market. This report covers HMDA loans originated by all financial institutions in the Rochester MSA. [4] HMDA loans include loans for home purchase, refinancing and home improvement. Non-occupant and multi-family loans are also reported in the HMDA data.

HOW HAS THE LENDING ROLE OF THE EIGHT LARGEST DEPOSITORY BANKS CHANGED SINCE 1992?

In 1992, eleven large banks in the Rochester MSA accounted for **almost 65%** of the HMDA lending. Three of those 11 banks no longer exist, since other banks acquired them. In 1997, the eight remaining largest banks accounted for only **31%** of the HMDA lending in the MSA. By the end of 1999, only seven of the original eleven banks will exist, with Central Trust, Columbia Savings, First Federal and First National Bank having been acquired by the other remaining 7 banks.

This reflects a national trend. Nationally the number of commercial banks and savings associations has declined more than 40% between 1975 and 1997.[5] Furthermore, depository institutions with branch presence are no longer the primary source of mortgage originations in their communities.

In 1997, 31% of the HMDA loans in the Rochester MSA were originated by the eight institutions included in this report. Ten mortgage banks originated another 19% of the HMDA loans, while 10 sub-prime lenders originated 12%. The 8 largest credit unions generated another 10% of the HMDA loans. Over 100 smaller local banks, mortgage banks and smaller credit unions accounted for the remaining 28% of the originations.[6]

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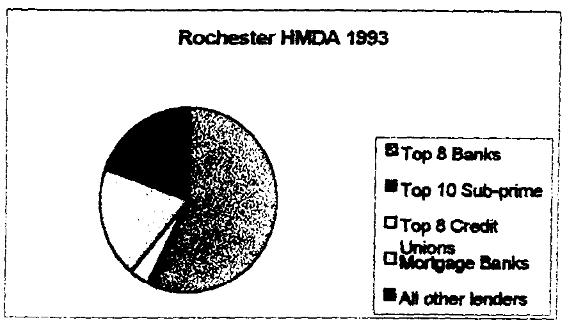
[4] Banks, savings and loans, credit unions with assets over $10 million and mortgage companies that are owned by depository institutions or their holding companies are required to report HMDA data to the Federal Financial Institutions Examination Council (FFIEC). Independent mortgage companies that make at least 100 home purchase loans a year are also required to report HMDA data. In 1997,there were over 150 institutions that reported HMDA data in the Rochester MSA. A glossary of these terms is found at the end of this report.

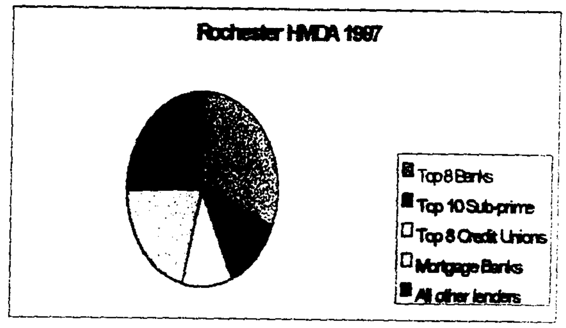
[5] See Robert B. Avery, Raphael W. Bostic, Paul S. Calem. "Trends in Home Purchase Lending," *Federal Reserve Board Bulletin* February 1999.

6.The data used in this analysis was primarily obtained from HMDA data released by the FFIEC. Some data was obtained from reports generated by RTKNET a data service of OMB Watch. Nearly all commercial banks, savings and loans associations, credit unions, and mortgage banks, with assets of more than $10 million and an office in an MSA are required to report each mortgage purchased and each loan application.

Rochester MSA HMDA Lending	# Loans	Market Share	# Loans	Market Share
	1993		1997	
Top 8 Banks	19,823	56%	7,978	31%
Top 10 Sub-prime	472	1%	3162	12%
Top 8 Credit Unions	1,201	3%	2762	11%
Mortgage Banks	6,923	20%	5300	21%
All other lenders	6,815	19%	6458	25%
Total	35,241	100%	25,660	100%

- **The 10 largest banks saw their market share decline from 56% in 1993 to 31% in 1997.**
- **The 10 largest sub-prime lenders saw their market share increase from 1% in 1993 to 12% in 1997.**
- **The 8 largest credit unions saw their market share increase from 3% in 1993 to 11% in 1997.**





The mortgage banks have not seen as dramatic a change in their market share. This has important consequences for the work of the Coalition because many of the mortgage banks, credit unions, as well as subprime lenders, are not subject to the Community Reinvestment Act.

At the time of the writing of this report, financial modernization legislation is making its way though Congress. The current bills in the House and the Senate would eliminate many of the distinctions between banks, insurance companies and securities firms. Community advocates are lobbying hard to ensure that as more non-depository institutions engage in lending activities, community reinvestment obligations should be extended to them. Financial companies that are affiliated with banks, as well as non-bank financial institutions, must be subject to CRA requirements.

SINCE 1992, LENDING RATES FOR CITY RESIDENTS, BLACK AND HISPANIC HOUSEHOLDS AND LOW -MODERATE INCOME PEOPLE HAVE IMPROVED.

Since 1992, there has been a significant improvement in the lending rates for city residents, Black, Hispanic and low-to moderate-income households.

Lending by all HMDA lenders in 1997, compared to 1992:

- Increased in the **MSA by 9%.**
- Increased in the **City by 94%.**
- Increased to **Black/Hispanic households by 123%.**
- Increased to **low–moderate income households by 72%.**
- Increased in **low–moderate income census tracts** by **41%.**
- Increased in **minority census tracts** by **139%.**

It is important understand what role the eight largest area lenders played in these increases. Between 1992 and 1997, the eight largest banks with branch presence in the MSA (including their acquired institutions) saw:

- **a 46% decrease** in their HMDA lending in the **MSA;**
- **a 33% decrease** in their HMDA lending in the **City;**
- **a 38% increase** in their lending to **Black/Hispanic households;**
- **a 5 % decrease** in their lending in **minority census tracts; and**
- **a 19% decrease** in their lending in **low-moderate income census tracts.**

Overall, the number of HMDA loans has increased since 1992. **However, the top 8 area banks made almost 7,000 fewer HMDA loans in 1997 than in 1992.** The increase in lending was accounted for by the other financial institutions serving the marketplace. The slack caused by the decline in bank lending was made up by credit unions, mortgage banks, out-of-state banks and sub-prime lenders.

Despite the fact that the top 8 institutions saw a decline in their HMDA lending since 1992, a greater proportion of their lending in 1997 was in the City, to Black and Hispanic households, and in low moderate and minority census tracts.

In 1997, of the total loans originated by the eight largest area banks in the Rochester MSA:

- 15% were in the City, up from 12% in 1992.
- 7% were to Black/Hispanic households, up from 3% in 1992.
- 15% were in low-moderate income census tracts, up from 5% in 1992.
- 4% were in minority census tracts, up from 2% in 1992.

These changes in the marketplace are significant and raise questions that the Coalition will continue to pursue.

SUB-PRIME LENDING

To understand the changing nature of the marketplace, we need to look at the role played by sub-prime lending institutions. **The ten largest subprime lenders increased their lending by 608% from 1993-1997. Their market share in the MSA increased from 1.3% in 1993 to 12% in 1997.**. [7]

Although these 10 lenders do not account for all the sub-prime lending in the MSA, it appears that they account for a substantial majority. While these 10 lenders only had 12% of the MSA market share, they had:

- **26%** of **the Black/Hispanic** household market share.
- **17% of the low-moderate household** market share.
- **28%** of the market share in **low-moderate income census tracts**.
- **41%** of the market share in **minority census tracts.**

These 10 sub-prime lenders originated over 3,000 HMDA loans in the MSA in 1997. However, most of these loans were not for home purchase (FHA and conventional). Of the loans originated by these 10 sub-prime lenders:

- 30% were for home purchase loans.
- 25% were for home improvement loans.
- 45% were refinances.

Looking at the income characteristics of the sub-prime applicants is informative. There is a significant possibility that many of the borrowers would have qualified for loans from traditional lenders. Somewhat surprisingly, **more than half the loans were originated** to households with **incomes >80%** of the area median. Only **41%** of sub-prime loans were originated to low-moderate income households.

Thirty-two percent of the loans originated by sub-prime lenders were in **low-moderate income** census tracts, while only **16% were in minority census tracts**. The relatively low percentage of originations in minority census tracts may be explained, in part, by lower homeownership rates among minority households. **Table 1** provides a graphic breakdown of the characteristics of these borrowers.

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[7] The ten sub-prime lenders with the most number of originations in the MSA are: Greentree. Ford CF. Homestead Financial and Homestead Funding, The Money Store, United Companies, Alliance Mort.. Parkway Mort., Residential Money, First Union HEB, Equicredit Corp. Sub-prime lenders have been identified as such, based on a list of lenders provided by HUD. Home Equity loans are not reported as HMDA loans; the numbers and percentages included do not capture such loans. Not all loans by 'sub-prime' lenders will necessarily have higher interest rates or lower underwriting standards.

We are able to document the decline in lending by the area banks since 1992, however the corresponding increase in lending by sub-prime lenders can only be tracked from 1993, as not all sub-prime lenders and mortgage bankers reported data prior to 1993.

Sub-prime lenders typically charge higher interest rates and origination fees than traditional lenders. They have also been associated with lending to low income and minority households and applicants with poorer credit histories. However, in Rochester, the recipients of sub-prime loans appear to be predominantly White and upper middle income applicants. These applicants may either have poor credit histories or be unaware that they are paying more than is necessary for their credit. Alternatively, since most of the loans are refinance or home improvement, the applicants may be homeowners who have seen a decline in the value of their property. Sub-prime lenders may be more willing to be more generous in their appraisals or accept a higher loan to value ratio. That might explain the income and racial makeup of the sub-prime market in the MSA.

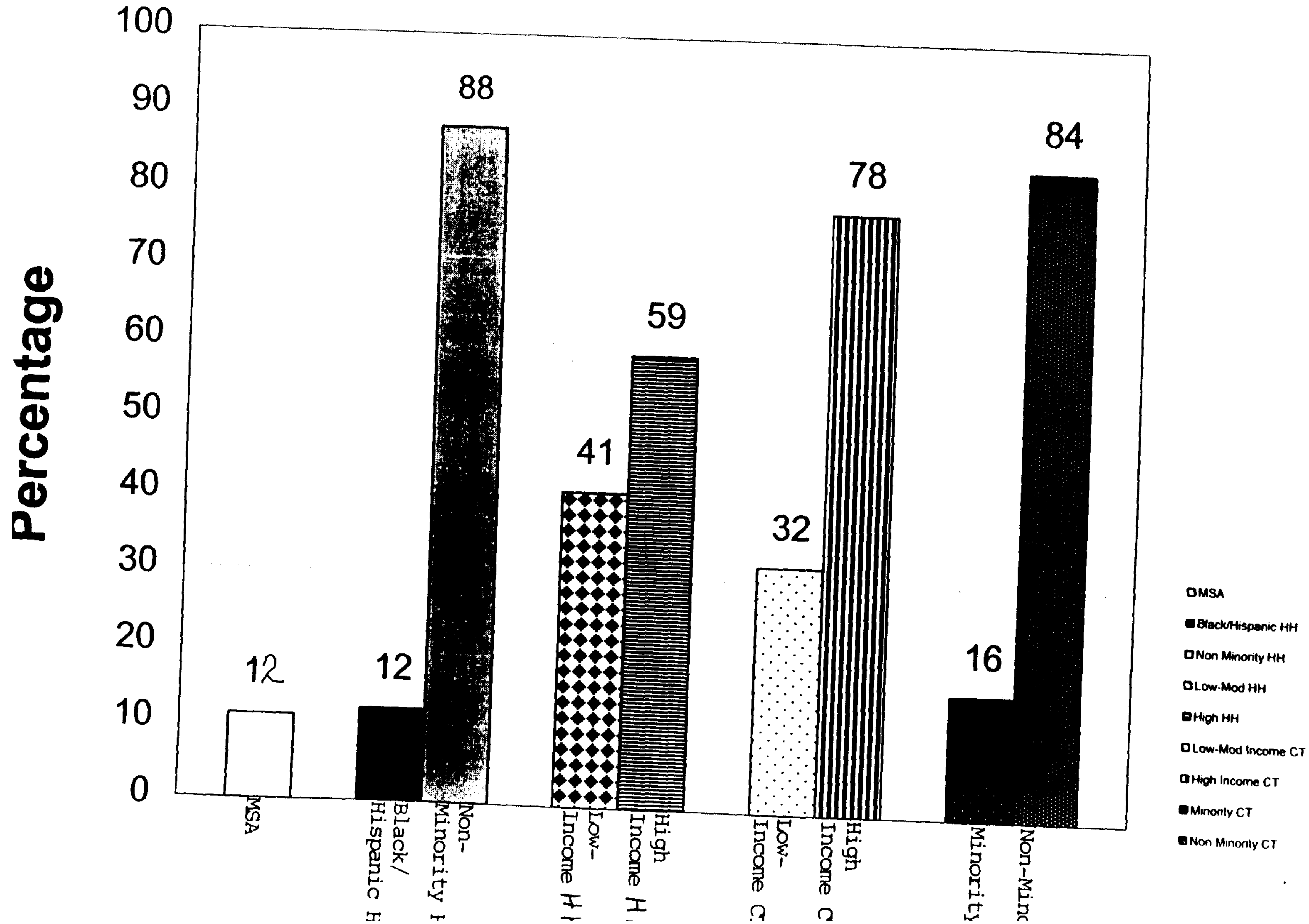
Fannie Mae recently concluded that 35% of all sub-prime loans could be under-written using traditional guidelines.[8] If that percentage is true for the Rochester market, then there is work to be done in educating the community to shop for better interest rates.

Arguably, sub-prime lenders have a place in the competitive market place. The cause for concern arises if mortgage applicants have to resort to such lenders because non-market factors such as racism, real or perceived, leads them to fail to apply for a traditional loan that they may be eligible for. Alternatively, lack of financial sophistication in an applicant may result in the applicant paying more in interest than he had to. Applicants with poor credit may also choose to obtain a higher interest rate loan, rather than undertake the credit counseling necessary to obtain a traditional loan. We need to study this issue further and work with the traditional lenders in the market to ensure that applicants are not resorting to expensive credit as a result of a lack of information.

Sub-prime lenders are not subject to CRA. However, they are subject to a host of consumer protection laws. If a sub-prime lender is engaging in illegal, predatory lending practices, the consumer may need to resort to legal action to enforce his rights.

[8] Karen Hube March 18 1998. 'In the wild west of subprime lending borrowers have to dodge many bullets" . Wall Street Journal.

Rochester MSA 1997 Top 10 Subprime Lenders



MORTGAGE BANKS

The ten mortgage banks with the largest number of loans in the Rochester MSA in 1997 accounted for **19%** of the total number of HMDA originations.[9]

The ten mortgage banks increased their lending by 16% from 1993-1997. Their market share in the MSA increased from 12% in 1993 to 19% in 1997. Unlike the sub-prime lenders, which had a much smaller market presence in 1993, mortgage banks were major lenders in 1993. However, six of the mortgage banks which made the top ten list in 1993 saw their lending decline by more than 50% by 1997.[10] On the other hand, five of the top ten lenders in 1997 had a much smaller or no market presence in 1993.[11]

While these 10 lenders accounted for 19% of the MSA market share, they originated:

- **16%** of the **Black/Hispanic** market share.
- **18%** of the market share to **low-moderate income** households
- **11%** of the market share **in low-moderate income census tracts.**
- **9%** of the market share in **minority census tracts.**

In 1997 these 10 mortgage bankers **originated 4,896** HMDA loans in the MSA. Unlike the loans originated by the sub-prime lenders, most of these loans were for home purchases. (FHA and conventional). Of the loans originated by these 10 mortgage bankers:

- **85%** were for home purchase loans.
- 15% were refinances.

Looking at the race and income characteristics of applicants and neighborhoods to whom and where these mortgage bankers originated loans are informative. Less than 10% of originations by mortgage banks were to Black/Hispanic households, in low-moderate-income and minority census tracts.

- 5% were to Black/ Hispanic households.
- **27%** were to low-moderate income households.
- **8%** were in low-moderate income census tracts.
- **2%** were in minority census tracts.

The Coalition will continue to examine the role of mortgage banks in HMDA lending in the Rochester MSA.

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[9] Nothnagle, Resources BMG, Norwest Mortgage, PHH, Countrywide, Source One Mortgage, First Union MC, GMAC, NVR Mortgage, PNC Mortgage.
[10] Source one, PNC mortgage, NVR mortgage, Midcoast Mortgage, Greater Funding, GE Capital Mortgage, Power funding.
[11] Countrywide, PHH, Resources BMG, First Union MC and IMC Mortgage.

HMDA LOANS 1995-1997

HOW DID BLACKS AND HISPANICS FARE?

Lending to Black and Hispanic households in the Rochester MSA went up **12%** from 1995 to 1996, but remained unchanged between 1996 and 1997. Nationally, HMDA loans to Blacks and Hispanics only increased by 4% in 1997, down from the double digit increases posted through most of the 90's. Buffalo, the nearest comparable market, saw a **12% decrease** in loans to Black and Hispanic applicants in 1997.

However, there is still a lending gap for Blacks and Hispanics in Rochester. Whereas 10% of the MSA is comprised of Black and Hispanic households, only 6% of the total number of loans originated were to Black and Hispanic households in 1997. A slightly higher percentage (7.5%) of all applicants were Black and Hispanic.

In comparison, 82% of the total number of loans originated were to White applicants, even though only 72% of applicants in the MSA were White.

Homeownership in the Black and Hispanic community continues to lag. Whereas nationally, 72% of White households own their homes, only 45% of Black families are homeowners.

In the City of Rochester, which houses most of the minority population of the MSA, only 31% of Black households are homeowners. Nationally, minorities contributed 42% of the growth in homeownership between 1994 and 1997. Rochester, with its unusual combination of affordable housing and high rent costs, has the potential for untapped marketing opportunities among minority home buyers.

LOANS IN MINORITY CENSUS TRACTS

HMDA lending in minority census tracts has increased significantly since 1992. In 1997, there were over 1,200 loans in census tracts where the minority population was greater than 50%. That represented a 21% increase over 1995. It also represents a **125% increase** over 1992 numbers, the first year for which the Coalition identified lack of lending in minority census tracts as an issue. Lending in census tracts where the minority population is **greater than 80%** increased between 1992 and 1996 by **186%.** This is a significant achievement and one that needs to be maintained.

LOANS TO LOW-MODERATE HOUSEHOLDS

% of HMDA loans to low-moderate income households in the Rochester MSA

1992	1995	1996	1997
19%	32%	27%	30%

HMDA lending to low-moderate income households in the MSA has increased significantly since 1992.

Lending to low-moderate households in the MSA went down in 1996 to 27%, but went **up** in 1997 to 30%. Whereas **22 %** of the MSA is comprised of low-moderate households, **in 1997**, **37%** of the loan applicants were low-moderate income and **30%** of all loans in the MSA were originated to low-moderate households. This is a significant increase from **1992 when only** 19% of HMDA loans were originated to low-moderate income households.

In comparison, **63%** of the applicants, in 1997, were upper income and **70%** of the total number of loans were originated to upper income applicants.

WHAT ACCOUNTED FOR THE CHANGE IN LENDING IN THE CITY?

Lending in the City has increased 94% between 1992 and 1997, peaking in 1994, but declining since then. The decrease in lending in the City raises questions. An analysis of the type of loans originated in the City provides insight into the downward trend in lending. Changes in the reporting of home improvement loans, as well the increased prevalence of home equity loans, which are not reported as HMDA loans, may account for some of the decrease.

In the City in 1997:

- There was **a 16% increase** in **FHA** loans from 1995;
- There was **a 30% decrease** in conventional loans from 1995;
- There were **over 1,800 home purchase (FHA and conventional)** loans, a **13% decrease** from 1995;
- There was **a 77% increase** in refinance loans from 1995; and
- There was **a 35% decrease** in home improvement loans from 1995.

Loan Type	1995	1996	1997
FHA	795	974	922
Conventional	1,331	945	922
Refinance	605	987	1,069
Sub Total	**2,731**	**2,906**	**2,913**
Home Improvement	1,008	1,350	873
Total	**3,739**	**4,256**	**3,786**

The increased prevalence of home equity loans requires us to be careful when comparing HMDA loans over time. Home equity loans are increasingly used for paying for home improvements, but since they are also used for consumer purchases they are not reported under HMDA data. Furthermore, some financial institutions no longer report home improvement loans. [12]

If we include home improvement loans when comparing 1996 to 1997, HMDA lending in the City declined by 11%. Otherwise, lending in the City was flat. We have to recognize that there are some limitations to using statistical data and look at programmatic changes as well. The larger area banks have introduced new products and services and they are discussed below at page 15.

HOME IMPROVEMENT LENDING

The HMDA data for home improvement loans throughout the city is revealing. In 1997, there were **2,777** applications for home improvement loans in the city. Of that number: **31%** or **873** loans were originated; **52 % (1,454) of applications were** denied; and **450 (16%)** applications were approved but not accepted, withdrawn, or files closed for incompleteness. This is an issue that requires further exploration and study.

[12] HMDA requires that an institution report Home Improvement (HI) loans in its HMDA data if the institution has a specific HI product or if it tracks that the loan is for HI. If the institution does not have a HI product or track the loan purpose, the HI loan is not reported. Based on that rule Chase stopped reporting HI loans in mid -1996.

LOAN DENIALS

Examining the difference between Black, Hispanic and White denial rates is illustrative. Black Households had a denial rate (45%) that was almost twice the denial rate for White households. Hispanic households did a little better (34%).

Rochester HMDA Denials 1997					
	FHA	Conventional	Refinance	Home Imp.	Total
Black	22%	23%	57%	56%	**45%**
Hispanic	17%	28%	44%	43%	**34%**
White	10%	15%	30%	33%	**24%**
Race NA	8%	20%	34%	53%	**37%**

In 1997:

- Black households had a denial rate of 45%, as compared to White households, which had a denial rate of 24%. Blacks were denied all HMDA loans **1.9** as often as Whites.
- However, the Black denial rate for conventional loans was 23%, 8% higher than the White rate of 15%. The denial ratio between Blacks and Whites for conventional loans was **1.5:1**
- Hispanic households had a denial rate of **34%,** as compared to White households, which had a denial rate of **24%,** resulting in a Hispanic to White denial rate of **1.4** for all HMDA loans.
- The denial rate for conventional loans for Hispanic applicants was **28%**, almost twice the White rate of **15%.**
- More than half the applications by Black applicants for refinancing and home improvement loans were denied (**57 and 56**%).
- 30% of White applications for refinancing were denied.

Did upper income blacks have lower black to white denial ratios than lower income blacks?

Black household incomes continue to lag behind White household incomes. There is obviously some link between an individual's income and their ability to access credit. Lower income people will often have fewer monetary resources to deal with a life crisis and, therefore, are more likely to have problems with their credit. However, the difference in denials between Black and White applicants did not decrease at higher income levels.

The chart below compares the percentage of HMDA denials between Asian, Black, Hispanic and White applicants at different income levels. Denials ratios are compared for Asian, Black and Hispanic applicants with White applicants at <80% median income -

>120% median income. [13]The Black to White denial ratio was **actually higher for upper income Black** applicants than lower income Black applicants for HMDA loans in 1997.

- **51%** of Black applicants below **80%** of area median income were denied HMDA loans as opposed to **35%** of white applicants at the same income level. The Black to White denial ratio at that income level is **1.5.**
- The Black to White denial ratio for black applicants at **120%** of median income is **2.6. 35%** of Black applicants above 120% of area median income were denied HMDA loans, as opposed to 14% of White applicants at that income level.

For Black applicants the Black to White denial ratio increases as their income goes up.

The Black to White denial ratio has, however, improved compared to 1993. In a report released by GRCRC on 1993 HMDA denials, the Black to White denial ratio was **2:1** for applicants below 80% of median income and **3.5: 1** for applicants at 120% of median income.

Hispanic applicants, on the other hand, had a lower denial ratio than Black applicants in 1997. Hispanic applicants at 80% and 120% of median income had a **1.2** Hispanic to White denial ratio. Hispanic applicants at 120% of median income had a denial rate of only **17%.**

Asian applicants at 80 % of median income had the **same rates** of denials as Whites at that income level. They had **lower** denial rates than White applicants at higher income levels. Only 10% of Asian applicants at 120% of median income were denied.

The Coalition recognizes that as banks reach out to the minority and low-moderate income community and a more diverse pool of applicants applies for loans, the denial rate will be affected. In 1997, Black applications for all HMDA loans increased by 33%. Hispanic applications increased by 40% compared to 1995. The increase in the applications was caused by more applications for refinances and home improvement loans.

[13] In 1997. median income was $47,200. 80% of MI was $37,760 and 120% of MI was$56,000.

Rochester MSA Denials 1997						
Income		**Applications**	**Originations**	**Denials**	**% Den.**	**White Ratio**
<80%	Asian	110	58	38	35%	1.0
	Black	1,569	605	795	51%	**1.5**
	Hispanic	372	182	159	43%	1.2
	White	11,180	5,906	3,960	35%	
80-99%	Asian	47	32	10	21%	0.9
	Black	364	178	143	39%	**1.7**
	Hispanic	118	66	34	29%	1.3
	White	5,372	3,531	1,235	23%	
100-119%	Asian	37	27	5	14%	0.7
	Black	255	119	104	41%	**2.1**
	Hispanic	51	35	14	27%	1.4
	White	4,020	2,226	795	20%	
>120%	Asian	144	113	14	10%	0.7
	Black	430	210	152	35%	**2.6**
	Hispanic	108	71	18	17%	1.2
	White	10,956	8,345	1,484	14%	

WHERE HAVE WE COME SINCE 1992?

The mortgage lending market has changed dramatically in the last five years. The 8 largest area depository institutions are no longer the major players in the marketplace. Mortgage bankers, sub-prime lenders and credit unions, have usurped their role. Unfortunately, virtually none of these non-bank entities have CRA obligations.

The Coalition has worked with area banks to improve their HMDA lending. Area banks have introduced a number of programmatic changes. These changes include:

- The institution of credit counseling programs for first-time homebuyers.
- A Second review policy for denied HMDA loans.
- Affordable mortgage products for first- time homebuyers.
- Affirmative marketing of products.

The area banks have to be given credit for maintaining or increasing the percentage of the loans they originated in the City, to Black/Hispanic and low-moderate households, and in low-moderate and minority census tracts. The market is more competitive and we must recognize that fact. We must also look at the presence of sub-prime lenders in our community and see whether some of that lending can be accomplished through more traditional market outlets.

HOW DID ROCHESTER COMPARE WITH OTHER COMMUNITIES?

The National Community Reinvestment Coalition recently released an analysis of home mortgage lender performance in the twenty largest metropolitan areas over a four year time period.[14] The study found that, in most metropolitan areas, the minority loan share was either equal to or a little less than the minority population share. On the other hand, the share of loans to low-moderate households was lower than the percentage of low-moderate households in those areas.

The trend in the twenty largest metropolitan areas was not the same as the pattern in Rochester. **In Rochester, minority households received fewer loans and low-moderate households received a greater number of loans than their proportionate share of the total population.** The Coalition applauds the improvement in lending to low-moderate households. We need to work harder at reaching the minority community as well.

HOW DID ROCHESTER COMPARE WITH BUFFALO?

HMDA lending to traditionally under-served populations has improved more significantly in Rochester than in Buffalo since 1992. This is true, both in terms of the eight largest area banks, as well as lending by all financial institutions.

Table 1 compares the changes in HMDA lending between Rochester and Buffalo between **1992 and 1997**. It compares the changes in the number loans originated by all financial institutions (AFI), the eight largest depository institutions in Rochester (listed on the chart) and all other financial institutions (i.e. all those not including the eight largest banks).
Looking at the lending pattern of all financial institutions between **1992 -1997:**

- Lending in the MSA was **up 9%** in Rochester and down **3%** in Buffalo.
- Lending to Black/Hispanic Households was **up 123%** in Rochester and **34%** in Buffalo.
- Lending in minority census tracts was **up 139%** in Rochester and **38%** in Buffalo.
- Lending in low-moderate income census tracts was **up 41%** in Rochester and 31% in Buffalo.

The eight largest banks in Rochester also have a market presence in Buffalo. Looking at the lending pattern of the **eight largest banks:**

- In 1997, these eight banks had **31%** of the market share in Rochester and **42%** in Buffalo.

[14] America's Best and Worst Lenders NCRC January 1999.

Between 1992 and 1997:

- Lending by the eight largest banks in the MSA was down **46%** in Rochester and **36%** in Buffalo.
- Lending by the eight largest banks to Black/Hispanic households was **up 38%** in Rochester and down **25%** in Buffalo.
- Lending by the eight largest banks in minority census tracts was **down 5% in** Rochester and down **42%** in Buffalo.
- Lending by the eight largest banks in low-moderate income census tracts was **down** **19%** in Rochester and down **31%** in Buffalo.

However, as observed above, these eight institutions **doubled the proportion** of their total loans to Black/Hispanic and low-moderate households and in minority census tracts in the Rochester MSA. In comparison, the increases by these eight institutions to black/Hispanic and low-moderate households in the Buffalo MSA were more modest. In the Buffalo MSA the **proportion** of the total loans of the eight largest banks to Black/Hispanic and low-moderate households only **increased by 1%, and decreased by 1%** in minority census tracts in the Buffalo MSA.

Looking at the changes in lending rates to the low and moderate income and minority community in these two markets shows some interesting trends. Significantly greater gains occurred from 92-97 in Rochester in lending to Black and Hispanic households, and in minority and low-moderate income census tracts, both with regard to the total lending and with regard to the same eight largest banks.

The City of Rochester has used a variety of mechanisms to increase community development lending in our community. Many not-for profit organizations have been provided with operational support to develop affordable housing. The City has created housing programs of its own and funded pre-purchase counseling, as well as programs for down payment assistance.

The City has also worked closely with GRCRC to encourage the banks to ensure that their community development activities are a success. Rochester has an active Coalition that has regular ongoing discussions with seven of the eight area banks. The Coalition has obtained written commitments regarding a number of community reinvestment activities from three of the area banks. The Coalition also monitors the national lending commitments of two other area banks. All of these activities may account in part for the difference in lending patterns between Rochester and Buffalo.

Looking at the lending pattern of all the other financial institutions[15] (excluding the eight largest banks), between 1993-1997:

- **Lending in the MSA was up 102% in Rochester and 171% in Buffalo.**
- Lending to **Black/Hispanic households was up 253% in Rochester and 233% in Buffalo.**
- Lending in **minority census tracts was up 447% in Rochester and 273% in Buffalo.**
- Lending in **low-moderate income census tracts was up 116% in Rochester and 190% in Buffalo.** (However, there were more loans of this type in Rochester (2,502) than in Buffalo (2.018).

Comparing **the rate of HMDA** loans per 1,000 households in Buffalo and Rochester is illustrative. The rate described below is the rate of FHA and conventional loans /1,000 Households.

In 1997:

- The Rochester **MSA** had a rate of **68 loans** /1,000 households (HH). Buffalo had a rate of **48 loans** /1,000 HH.
- **Black/Hispanic** HH in Rochester had a loan rate of **40/1,000** HH, while the rate for Buffalo was **27/1,000** HH.
- **Low-moderate income HH** in Rochester had a loan rate of **51/1,000**, in Buffalo the rate was **33/1,000** HH.

1997 ROCHESTER/ BUFFALO COMPARISION

Rate of Loans				
	Total HMDA Loans		**/1000 HH**	
	Rochester	**Buffalo**	**Rochester**	**Buffalo**
MSA	25,660	22,325	**68**	48
Black/His. HH	1,507	1,487	**40**	27
Low Moderate HH	7,583	6,258	**51**	33

The Rochester MSA had a significantly higher rate of loans per 1000 HH for Black/Hispanic and low-moderate households. The disparity between Rochester and Buffalo was the greatest: Rochester rates of loans per 1000 HH were 30% higher than the Buffalo rates per 1000 HH.

Rochester has a stronger economy than Buffalo. Rochester also has a higher median household income than Buffalo. Therefore, a household classified at 80% of area median income will have a higher annual income in Rochester than in Buffalo.

[15] As mentioned above some mortgage bankers did not report data in 1992 and their loans were not included in the reported HMDA loans.

It is possible to calculate a homeownership affordability index based on the median house price in the MSA. That figure is based on the lowest possible annual income that a household must have to be able to become a homeowner when purchasing a median priced home. Based on that index, it is possible to ascertain how many households in an MSA can potentially qualify for a mortgage (based on income alone). Obviously, income alone is not used in qualifying for a mortgage. A household's debt- to- income ratio, as well as credit history, are factors to be considered. Using 1990 census data, we calculated the percentage of Black households for whom homeownership was potentially affordable, based on income alone.

40% of Black households in Rochester and Buffalo have the income qualifications for homeownership. **If all income eligible Black households in Rochester could qualify for home mortgage loans on the basis of income, other debt and credit history their home ownership rate would increase to 40%. The current rate of homeownership for Black households in Rochester is 31%. Given that income levels have gone up since 1990 and housing prices have come down, it is conceivable that even more Black households can afford homeownership.**

Rents are high in Rochester. Homeownership is an affordable option for eligible applicants. This is one of the strongest possible arguments for ensuring that credit counseling is readily available to all applicants for HMDA loans.

ROCHESTER/BUFFALO HMDA LENDING COMPARISION												
	Rochester NY											
	MSA			Black/His HH			Minority CT			Low Mod CT		
	AFI	Top 8	OFI	AFI	Top 8	OFI	AFI	Top 8	OFI	AFI	Top 8	OFI
1992	23645	14882	8763	676	410	266	503	343	160	2,599	1,444	1,155
1997	25660	7978	17682	1507	567	940	1203	327	876	3673	1171	2502
% change	9%	46%	102%	123%	38%	253%	139%	-5%	447%	41%	-19%	116%
% of total loans in:												
1992				3%	3%	3%	2%	2%	2%	11%	10%	13%
1997				6%	7%	5%	5%	4%	5%	14%	15%	14%
Buffalo NY												
	MSA			Black/His.HH			Minority CT			Low Mod CT		
	AFI	Top 8	OFI	AFI	Top 8	OFI	AFI	Top 8	OFI	AFI	Top 8	OFI
1992	23,056	14,532	8,524	1,108	853	255	960	717	243	2,494	1,799	695
1997	22325	9,482	12,843	1,487	637	850	1,325	418	907	3,266	1,248	2,018
	-3%	-36%	171%	34%	-25%	233%	38%	-42%	273%	31%	-31%	190%
% of total loans in:												
1992				5%	6%	3%	4%	5%	3%	11%	12%	8%
1997				7%	7%	7%	6%	4%	7%	15%	13%	16%
Top 8: Chase, Charter One, Citibank(NYS),Fleet, FNB,Key, M& T, Marine.												
AFI: All Financial	Institutions.											
OFI:Other Financial Institions.												

RECOMMENDATIONS

One of the goals that the Coalition will work toward in the next few years is a regional financial literacy campaign. Area banks, the city, the county and community groups working on affordable housing could play an important role in making credit more accessible. Credit counseling and repair should be made available and accessible to all potential low and moderate income applicants who are eligible and interested. Information should be readily available to homebuyers about the cost of obtaining higher interest loans when lower cost alternatives are available when accompanied by credit repair.

Such an educational initiative is in the interest of all concerned. It enables area banks to educate potential homeowners of the advantage of conventional loans, as opposed to more expensive sub-prime loans. It is also in the interest of the city and the county to ensure that homeowners are not accessing capital at an unnecessarily prohibitive cost. Expensive credit results in a higher likelihood of foreclosure. Homeowners with lower housing costs also have more in disposable income, which has a beneficial effect on the economy of the region as a whole.

Part 1 B

COMPARISION OF LENDING OF EIGHT MAJOR ROCHESTER BANKS

This report includes an analysis of the home mortgage loans originated by the eight largest depository institutions serving the Rochester MSA. They are **Chase Manhattan, Citibank, Charter One (RCSB), First National Bank,** [16] **Fleet, Key Bank, M & T and Marine Midland Bank (HSBC) and their mortgage subsidiaries.**[17] Table 2 provides a breakdown the HMDA loans of the eight largest banks as well as marketshare comparisons. Table 3 compares the denial rates of these banks.

In 1997, of the eight banks included in this analysis:

- HSBC had the highest number of HMDA loans in the MSA, the City of Rochester, to low-moderate income households and low-moderate income and minority census tracts.
- M & T had the highest number of HMDA loans to Black/Hispanic households in the MSA.
- Citibank had the fewest number of HMDA loans in the MSA, the City of Rochester, to low-moderate income and Black/Hispanic households and low-moderate income census tracts.
- FNB had the highest % of its total MSA loans originated in the city, to Black/Hispanic households and in minority census tracts.
- Key had the highest % of its total MSA loans originated to low-moderate-income households and low-moderate income census tracts.
- Key had the lowest % of its total MSA loans originated in the City.
- Fleet had the lowest % of its total MSA loans originated to Black/Hispanic households and in minority census tracts.
- Citibank had the lowest % of its total MSA loans originated to low-moderate income households in the MSA.
- Chase had the lowest % of its total MSA loans originated to low-moderate income census tracts.

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[16] M & T has a pending application to acquire FNB.

[17] These 8 banks are included in the analysis because they are the eight largest HMDA lenders which accept deposits in the Rochester MSA. Other banks also originate HMDA loans in the MSA but do not have branch presence.

The data included in the analysis was shared with each of the banks in question while still in draft form. Each bank was provided with the opportunity to meet with Coalition members in person and respond to their own data. The responses of individual banks to the report are included where applicable.

Top 8 Banks
Rochester, NY
1997 HMDA Loans

	AFI	Charter One	Chase	Citibank	FNB	Fleet	Key	M&T	Marine	Top 8	OFI
MSA	25,660	1,119	573	372	527	1,179	932	1,295	1,981	7,978	17,682
City	3,779	198	77	52	124	126	92	237	282	1,188	2,591
Black/Hispanic HH MSA	1,507	102	32	28	67	41	49	138	110	567	940
Low-Mod HH MSA	7,583	340	149	78	157	310	331	432	627	2,424	5,159
Lod-Mod Income CT	3,673	136	60	53	84	154	253	175	256	1,171	2,502
Minority CT	1,203	66	39	16	36	14	26	61	69	327	876
Non-Occupant	940	16	28	4	11	33	14	37	81	224	716
MARKETSHARE											
		Charter One	**Chase**	**Citibank**	**FNB**	**Fleet**	**Key**	**M&T**	**Marine**		
MSA		4%	2%	1%	2%	5%	4%	5%	8%	31	69
City		5%	2%	1%	3%	3%	2%	6%	7%	31	69
Black/Hispanic HH MSA		7%	2%	2%	4%	3%	3%	9%	7%	38	62
Low-Mod HH MSA		4%	2%	1%	2%	4%	4%	6%	8%	32	68
Low-Mod Income CT		4%	2%	1%	2%	4%	7%	5%	7%	32	68
Minority CT		5%	3%	1%	3%	1%	2%	5%	6%	27	63
Non-Occupant		2%	3%	0%	1%	4%	1%	4%	9%	24	76
Loans as %											
of MSA TOTAL IN:		**Charter One**	**Chase**	**Citibank**	**FNB**	**Fleet**	**Key**	**M&T**	**Marine**		
City	15%	18%	13%	14%	24%	11%	10%	18%	14%	15%	15%
Black/Hispanic HH MSA	6%	9%	6%	8%	13%	3%	5%	11%	6%	7%	5%
Low-Mod HH MSA	30%	30%	26%	21%	30%	26%	36%	33%	32%	30%	29%
Low-Mod Income CT	14%	12%	10%	14%	16%	13%	27%	14%	13%	15%	14%
Minority CT	5%	6%	7%	4%	7%	1%	3%	5%	3%	4%	34%
Non-Occupant	4%	1%	5%	1%	2%	3%	2%	3%	4%	3%	4%
AFI: All Financial Institions											
OFI: Other Financial Institions											
GRCRC 1999											

Table 2

DENIALS % 1997 ROCHESTER MSA					
BANK	**WHITE %**	**RATIO B-W**	**BLACK %**	**RATIO H-W**	**HISPANIC %**
CHARTER ONE	26	1.7	45	1.8	47
CHASE	18	3.0	54	2.2	39
CITIBANK	14	1.6	23	0.9	12
FIRST NATIONAL	9	1.4	13	0.0	0
FLEET	28	1.5	43	1.1	30
KEY BANK	23	1.8	42	1.0	24
M&T	20	1.8	35	1.5	29
MARINE MIDLAND	15	2.0	30	3.2	48

TABLE 3

CHASE

In 1997:
Loans in MSA: There was a **6% increase** from 1995.
Loans in City: There was a **48% decrease** from 1995 (only 77 loans).
Loans to Blacks/Hispanics: There was a **65% decrease** from 1995(only 32 loans).
Loans to Low-Moderate Households: There was a **10% increase** from 1995.
Loans in Low-Moderate Census Tracts: There was a **18% decrease** from 1995 (only 60 loans).

ROCHESTER LOAN ORIGINATIONS[18]

	1995	1996	1997
MSA	541	498	573
City	147	118	77
Black/His HH MSA	92	57	32
LM HH MSA	136	174	149
LM CT MSA	73	85	60
Non-occupant	20	17	28
% of loans in:			
City	27%	24%	13%
Black /His. HH MSA	17%	11%	6%
LM HH MSA	25%	35%	26%
LM CT MSA	13%	17%	10%
Denials %			
White	16%	26%	18%
Black	34%	44%	54%
Hispanic	12%	40%	39%

- In 1997, Chase had $1.2 billion in deposits in the Rochester MSA. It was ranked **third** in terms of local deposits, Chase ranked **sixth** out of eight banks in the total number of HMDA loans originated in the MSA.
- Chase's assessment area covers 75% of the census tracts in the Rochester MSA, including Monroe County.

[18] The HMDA numbers for Chase do not include Home Improvement loans. Chase stopped reporting Home Improvement loans in 1996. To ensure that the comparison was accurate Home Improvement loans were excluded.

- In 1997, a smaller percentage of the total loans in the MSA were in the City, Black and Hispanic households and in low-moderate income census tracts.
- **Only 10% of total** loans originated in the MSA were in low-moderate income census tracts, **the lowest percentage of all banks compared in this report.**

- In 1996 and 1997, denial rates for Black and Hispanic applicants were higher than 1995. In 1997, 54%of Black applicants were denied loans. **Chase had the worst denial rate for Black applicants of all banks compared in this report**.

The Coalition raised the decline in lending with Chase. In response Chase pointed out that Chase had hired a community development lender to improve HMDA lending in the Rochester market. Preliminary 1998 numbers appear to reflect that improvement.

CITIBANK

In 1997:
Loans in **MSA**: There was a 34% **decrease** from 1995.
Loans in **City:** There was a **51% decrease** from 1995 (only 52 Loans).
Loans to **Blacks/Hispanics**: There was a **15%** decrease from 1995 (only 28 loans).
Loans to **Low-Moderate Households**: There was a **51% decrease** from 1995.
Loans in **Low-Moderate Census Tracts**: There was a **2% decrease** from 1995.

ROCHESTER LOAN ORIGINATIONS

	1995	1996	1997
MSA	565	476	372
City	107	45	52
Bl/His HH MSA	33	11	28
LM HH MSA	165	78	78
LM CT MSA	52	21	53
Non-occupant		5	4
% of loans in:			
City	19%	9%	14%
Black/His. HH MSA	6%	2%	8%
LM HH MSA	29%	16%	21%
LM CT MSA	9%	4%	14%
Denials %			
White	25	19	14
Black	55	54	23
Hispanic	47	31	12

- In 1997 Citibank had **$481** million in deposits in the MSA, **and ranked 7th in terms of deposits**. Citibank's assessment area only included Monroe County in the Rochester MSA. **Citibank ranked last of all eight banks** in the total number of loans originated in the MSA.
- In 1997, a **higher percentage** of the total loans in the MSA were originated in low-moderate-income census tracts. However, only **21%** of total loans originated in the MSA went **to low-moderate income households, the lowest percentage** of all the banks compared in this report.
- In 1997, denial rates for **Black and Hispanic** applicants were **lower** than in 1995. In 1997, only **23% of** Black applicants were denied loans. Hispanic applicants had a lower denial rate than White applicants. However, only **28** loans were originated to Black and Hispanic applicants.

CHARTER ONE

In 1997:
Loans in **MSA**: There was a **2% decrease** from 1995.
Loans in **City:** There was a **11% increase** from 1995
Loans to **Blacks/Hispanics**: There was a **2 % increase** from 1995.
Loans to **Low-Moderate Households**: There was a **0.3%** decrease from 1995.
Loans in **Low-Moderate Census Tracts**: There was a **3% increase** from 1995.

ROCHESTER LOAN ORIGINATIONS

	1995	**1996**	**1997**
MSA	1,139	1,022	1,119
City	179	156	198
Black/His HH MSA	100	82	102
LM HH MSA	341	253	340
LM CT MSA	132	122	136
Non-occupant		14	16
% of loans in:			
City	16%	15%	18%
Black/His. HH MSA	9%	8%	9%
LM HH MSA	30%	25%	30%
LM CT MSA	12%	12%	12%
Denials %			
White	18%	18%	26%
Black	47%	41%	45%
Hispanic	42%	41%	47%

- In 1997, Charter One had $1.9 billion in local deposits, and **ranked 2nd in terms of deposits.** Charter One ranked third of all eight banks in the total number of loans originated in the MSA.
- Charter One's assessment area includes Monroe, Ontario and Wayne counties in the Rochester MSA.
- In 1996 and 1997, Charter One maintained its rate of HMDA lending in the MSA, in the City, to Black/Hispanic households, to low-moderate income households and in low-moderate census tracts compared to 1995.
- In 1997, 30% of the total loans in the MSA went to low - moderate income households.
- In 1996 and 1997, **denial rates for Black and Hispanic applicants continued to be over 40% and almost twice the White denial rate.**

FIRST NATIONAL BANK

In 1997:
Loans in **MSA**: There was a **75% increase** from 1995.
Loans in **City:** There was a **75% increase** from 1995
Loans to **Blacks/Hispanics**: There was a **103% increase** from 1995 (still only 67 loans).
Loans to **Low-Moderate Households**: There was a **83% increase** from 1995.
Loans in **Low-Moderate Census Tracts**: There was a **79% increase** from 1995 (still only 84 loans).

ROCHESTER LOAN ORIGINATIONS

	1995	1996	1997
MSA	301	537	527
City	71	108	124
Bl/His HH MSA	33	57	67
LM HH MSA	86	130	157
LM CT MSA	47	76	84
Non-occupant		16	11
% of loans in:			
City	24%	20%	24%
Bl/His HH MSA	11%	11%	13%
LM HH MSA	29%	24%	30%
LM CT MSA	16%	14%	16%
Denials %			
White	8	6	9
Black	21	17	13
Hispanic	11	15	0

- In 1997, FNB had $378 million in deposits in the MSA, and **ranked 8th in terms of deposits.** M & T acquired FNB in June 1999.
- In 1996 and 1997, First National Bank originated more HMDA loans in the MSA, in the City, to Black/Hispanic households and low-moderate households than in 1995. Lending almost doubled in each of the markets identified above.
- In 1997, **30%** of the total loans in the MSA were originated to low- moderate income applicants. FNB had the highest % of its total MSA loans originated in the city and to Black/Hispanic Households.
- In 1997, FNB had the **lowest denial rates** for White, Black and Hispanic applicants. It also had **the lowest** Black and Hispanic to White denial ratios of all eight banks.

FLEET

In 1997:
Loans in **MSA**: There was a **20% decrease** from 1995.
Loans in **City:** There was a **53% decrease** from 1995.
Loans to **Blacks/Hispanics**: There was a **66% decrease** from 1995 (only 41 loans).
Loans to **Low-Moderate Households**: There was a **30% decrease** from 1995.
Loans in **Low-Moderate Census Tracts**: There was a **30%** **decrease** from 1995.

ROCHESTER LOAN ORIGINATIONS

	1995	1996	1997
MSA	1,482	1,380	1,179
City	266	167	126
Bl/His HH MSA	122	71	41
LM HH MSA	446	317	310
LM CT MSA	220	216	154
Non-occupant	47	41	33
% of loans in:			
City	18%	12%	11%
Bl/His HH MSA	8%	5%	3%
LM HH MSA	30%	23%	26%
LM CT MSA	15%	16%	13%
Denials %			
White	20	23	28
Black	43	38	43
Hispanic	11	50	30

- In 1997, Fleet had $936 million in deposits in the MSA, and **ranked 5th in terms of deposits.** Fleet's assessment area includes the entire Rochester MSA.

- In 1996 and 1997, Fleet originated fewer HMDA loans in the City, to Black/Hispanic and low-moderate income households, and in low-moderate income census tracts compared to 1995.

- In 1997, **only 3% of** Fleet's total loans in the MSA went to **Black/Hispanic** households, down **from 8%** in 1995.

- Fleet's MSA marketshare was 5%. It's marketshare in the city, amongst Black/Hispanic and low-mod income households, in low-mod income and minority census tracts was consistently lower than it's MSA marketshare. It was the only bank amongst the eight compared in this report for which this was true. All the other banks marketshare in the city, amongst Black/Hispanic and low-mod income households, in low-mod income and minority census tracts was either equal to or greater than their MSA marketshare.

- In 1997 **denial** rates for **Black applicants** continued to be as high as in 1995, **with 43%** of Black applicants denied loans. In 1996 and 1997, Hispanic applicants had a much higher denial rare than in 1995. In 1997 Fleet had the **highest** denial rate for **White applicants** of all eight banks.

KEY

In 1997:
Loans in **MSA**: There was a 6% **decrease** from 1995.
Loans in **City:** There was a 28% **decrease** from 1995 (only 92 loans).
Loans to **Blacks/Hispanics**: There was a **38% decrease** from 1995 (only 49 loans).
Loans to **Low-Moderate Households**: There was a **13% increase** from 1995.
Loans in **Low-Moderate Census Tracts**: There was a **12% increase** from 1995.

ROCHESTER LOAN ORIGINATIONS

	1995	1996	1997
MSA	996	825	932
City	127	94	92
Black/His. HH MSA	79	48	49
LM HH MSA	294	270	331
LM CT MSA	226	179	253
% of loans in:			
City	13%	11%	10%
Bl/His HH MSA	8%	6%	5%
LM HH MSA	30%	33%	36%
LM CT MSA	23%	22%	27%
Denials %			
White	26	26	23
Black	35	49	45
Hispanic	9	43	24

- In 1997, Key had $508 million in deposits in the MSA, and **ranked 6th in terms of deposits.**

- In 1996 and 1997, Key originated fewer HMDA loans in the City and to Black/Hispanic households compared to 1995. However, more loans were originated to low-moderate income households and in low-moderate census tracts than in 1996.

- In 1997, 36% of the total loans originated in the MSA were to low-moderate income households; and 27% of the total loans originated in the MSA were in low-moderate income census tracts. Key had the highest % of its total loans originated in the MSA in low-moderate households and census tracts of all banks compared in this report. Over 90% of Key's loans were home improvement

- In 1997, only **5%** of Key's total loans in the MSA went to Black/Hispanic households, down from **8%** in 1995.

- In 1997, denial rates for Black applicants were **higher** than in 1995,with **45%** of Black applicants denied loans. The Black denial rate **was twice** the White denial rate. In 1996 and 1997, Hispanic applicants had a much higher denial rare than in 1995.

The Coalition has raised some of these concerns with Key bank. We were advised that Key has introduced a program of credit counseling.

M&T

In 1997:
Loans in **MSA**: There was less than a 1% increase from 1995.
Loans in **City:** There was a **52% decrease** from 1995
Loans to **Blacks/Hispanics**: There was a **51% decrease** from 1995
Loans to **Low-Moderate Households**: There was a **36% decrease** from 1995.
Loans in **Low-Moderate Census Tracts**: There was a **50% decrease** from 1995.

ROCHESTER LOAN ORIGINATIONS

	1995	1996	1997
MSA	1,285	1,262	1,295
City	492	188	237
Bl/His HH MSA	284	98	138
LM HH MSA	671	369	432
LM CT MSA	349	175	175
Non-occupant		39	37
% of loans in:			
City	38%	15%	18%
Bl/His HH MSA	22%	8%	11%
LM HH MSA	52%	29%	33%
LM CT MSA	27%	14%	14%
Denials %			
White	15	19	20
Black	19	43	35
Hispanic	8	32	29

- In 1997, M & T had $1.1 billion in deposits in the Rochester MSA, ranking it 4th in terms of deposits. M &T's assessment area included the six county region of the MSA.
- In 1997, only **18%** of M & T's total loans in the MSA went to the City, down from **38% in** 1995. Only **11%** of M & T's total loans in the MSA went to Black/Hispanic households, down from **22%** in 1995. However, of all 8 banks in this comparison, M & T originated the **most loans** to Black/Hispanic in households. (138)
- Although loans to **low-moderate income applicants** were down from 1995, **a third** of the loans were originated to low-moderate applicants.
- In 1997, denial rates for **Black** applicants were nearly double that in 1995, with **35%** of Black applicants denied loans. In 1996 and 1997, Hispanic applicants had a denial rate that was 3-4 times higher than in 1995, with 29% of Hispanic applicants denied loans.

HSBC (MARINE MIDLAND)

	1995	1996	1997
MSA	1,925	1,589	1,981
City	289	184	282
Black /His.HH MSA	79	66	110
LM HH MSA	980	264	627
LM CT MSA	301	286	256
Non-occupant.		82	81
% of loans in:			
city	15%	12%	14%
Bl/His HH MSA	4%	4%	6%
LM HH MSA	51%	17%	32%
LM CT MSA	16%	18%	13%
Denials %			
White	15	17	15
Black	36	37	30
Hispanic	32	38	48

First Federal		
	1995	1996
MSA	863	1430
City	135	215
Bl/His.HH	56	97
LM HH MSA	229	384
LM CT MSA	86	154

HSBC and First Federal			
	1995	1996	1997
MSA	2,788	3019	1,981
City	424	399	282
Bl/His.HH	135	163	110
LM HH MSA	1,209	648	627
LM CT MSA	387	440	256

- **Following the acquisition of First Federal, Marine was unable to maintain the HMDA lending record of First Federal.**

- In **1996,** HSBC and First Federal jointly originated **3,000** HMDA loans in the **MSA**. In 1997, HSBC originated under **2,000** loans representing a **4% decrease** in the market share of the merged bank. In 1996, First Federal originated over 1,400 loans in the MSA, the second highest number of the nine largest depository banks in the MSA.
- In **1996,** HSBC and First Federal jointly originated almost **400** HMDA loans in the **City.** In **1997,** HSBC originated under **300** loans, representing a **2% decrease** in the market share of the merged bank. In 1996, First Federal originated over 200 loans in the City, the highest number of the nine largest depository banks in the MSA.
- In **1996,** HSBC and First Federal jointly originated **163** HMDA loans to **Black/Hispanic** households in the MSA. In **1997,** HSBC originated **110** loans, representing a **7% decrease** in the market share of the merged bank.
- In **1996,** HSBC and First Federal jointly **originated 648 HMDA** loans to **low-moderate** income households in the MSA. In **1997,** HSBC originated **627** loans, representing a **5% decrease** in the market share of the merged bank.
- In **1996,** HSBC and First Federal jointly **originated 440 HMDA** loans in **low-moderate** income census tracts in the MSA. In **1997,** HSBC originated **256 loans,** representing a **5% decrease** in the market share of the merged bank.

In 1997, HSBC had $2.5 billion in deposits in the MSA, and ranked 1st in terms of deposits. HSBC's assessment area includes the entire Rochester MSA.

- In **1996,** HSBC and First Federal jointly **originated 116 non-occupants HMDA** loans in the MSA. In **1997,** HSBC originated **81** loans, representing a **4% decrease** in the market share of the merged bank. In 1997, **940** HMDA loans were originated by all financial institutions up by **43 loans** in comparison to 1996.
- In 1996 and 1997, denial rates for Black applicants continued to be 30%, twice the White denial rate.
- In 1997, the denial rate for Hispanic applicants jumped to 48%, almost three times the White denial rate. Of all banks compared in this report, HSBC had the worst denial rate for Hispanic applicants.

Part II

SMALL BUSINESS LOANS

This part of the report is sub-divided into two sections. The first section looks at the aggregate small business lending data, that is the total number of small business loans originated by all financial institutions in Monroe County.

The report looks at the individual lending pattern of these banks. Small business loans are defined as loans to businesses where the loan amount is under $1 million. They include small business credit cards, lines of credit and term loans. Only loans **originated** by the banks are included in this analysis. Loans **purchased** by the banks are not included in the analysis.

The second part of the report compares the small business lending of the seven banks with the largest amount of local deposits in **Monroe County**. These banks are **Chase Manhattan, Citibank, First National Bank, Fleet, Key Bank, M&T and Marine Midland Bank (HSBC).** [19]

Data for small business loans is presented on countywide figures, rather than City and MSA. Data is not reported at the census tracts or at the city level for individual banks. Data is not available by race or gender. Only the number of loans originated is reported. The total number of applications, the number of loans denied or withdrawn is not available, because the law prohibits the collection of data for small business loans by race and gender.

The Coalition asked all the banks included in this analysis to share their small business numbers for the City with the Coalition. All the banks provided us with the data, but on the condition that the data not be made public and only shared amongst Coalition members. We have honored that request. We have met with each bank to discuss their lending record in the City and made recommendations.

[19] Charter One did not make Small business loans prior to 1998.

A. TOTAL NUMBER OF SMALL BUSINESS LOANS

MONROE COUNTY

The total number and dollar amount of loans originated in Monroe County increased in 1997.

In 1997, in Monroe County:

- The total number of small business loans **increased by 9%.**
- The dollar volume of lending **increased by 7% ($53 million).**

Small Business loans in Monroe County

	TOTAL		Low Mod CT		BUS.GAR <$1 M.		BUS.GAR <$1 M.LMCT	
	Loans	Amt.M	Loans	Amt.M.	Loans	Amt.M.	Loans	Amt.M.
1996	7,282	$ 710	1,425	$179	2,825	$124	507	$25
1997	7,914	$763	1,237	$184	3,172	$174	550	$35

PERCENT OF LOANS TO								
			Low Mod CT		BUS.GAR <$1 M.		BUS.GAR <$1 M.LMCT	
			Loans	Amt.M.	Loans	Amt.M.	Loans	Amt.M.
		1996	20%	25%	39%	17%	18%	20%
		1997	16%	24%	40%	23%	17%	20%

LOANS IN LOW-MODERATE INCOME CENSUS TRACTS:

The number of small business loans originated in low-moderate income census tracts decreased in 1997, however the dollar volume increased. This implies that fewer loans of larger amounts were being originated, probably to larger businesses, since larger loans tend to be originated to larger businesses

- The total number of small business loans in low-moderate income census tracts, **decreased** by 13%. The dollar volume of lending **increased by $5 million.**
- **16% of the loans and 24% of the dollar amount were originated in low-moderate income census tracts.**

22% of businesses in the Rochester MSA are in low-moderate census tracts. **16% of the total number of loans were originated in low-moderate census tracts by all lenders.** The top 7 lenders originated **21%** of the loans in low-moderate census tracts. **Citibank, FNB and HSBC** originated **less than 21 %** of their loans in low-moderate census tracts. **Chase, Fleet, Key and M & T originated more than 21 %** of their loans in low-moderate census tracts.

24% of the dollar volume of loans was originated in low-moderate census tracts by all financial institutions, as well as by the top seven lenders. **FNB and HSBC** originated **less than 24 %** of the dollar volume of loans in low-moderate census tracts. **Citibank, Chase, Fleet, Key and M & T originated 24%** or more of their dollar volume of loans in low-moderate census tracts.

LOANS TO BUSINESSES WITH GROSS ANNUAL REVENUES < $ 1 MILLION.

The Coalition's report on 1996 small business lending raised the issue of the relatively low percentage of loan dollar volume originated to businesses with Gross Annual Revenues (GAR) < $1 million. Therefore, it is heartening to see that lending to business with GAR< $1 million improved in 1997. **In 1997, a total of 3,172 loans totaling $174 million were originated to businesses with GAR < $ 1 M in Monroe County.** The vast majority of small businesses in Monroe County have fewer than 9 employees and GAR < $ 1 million. [20]

- **The number of loans** to businesses with GAR< $1 million, **increased by 12%**. The dollar amount **increased by 40%.**
- The number loans to business with GAR < $1 million in low-moderate census tracts **increased by 8%**, to 550. The dollar volume of loans to Businesses with GAR < $1 M in low-moderate census tracts **increased** by **40% to $35 million.**
- **40% of the loans, but only 23% of the dollar volume** was originated to businesses with GAR <$1 M.

In 1997, of all banks compared in this report, **FNB** had the **highest percentage** of its **total loans (54%) and dollar volume (47%)** originated to businesses with GAR <$ 1 million. HSBC had the **lowest** percentage of its **total loans (36%)** originated to businesses with GAR <$1 million. **Chase** had the **lowest** percentage of loan dollar volume originated to businesses with GAR <$1 million **(12%).**

We will continue to explore this issue further with the banks.

HOW DID ROCHESTER COMPARE WITH OTHER CITIES IN LOANS TO BUSINESSES WITH GAR < $ 1 M?

The Rochester MSA continues to lag behind the rest of the country in the percentage of dollar amount of loans to businesses with GAR <$1 million. Nationally, in 1997, **80%** of the **total number** of loans were originated to businesses with GAR < $ 1 million. In Monroe County, only **40%** of loans were originated to businesses with GAR < $1 M.

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[20] 76% of small businesses have GAR < $ 1 Million. 69% of small businesses have GAR < $0.5 Million.70% have fewer than 4 employees.82% have fewer than 9 employees.

Nationally, in 1997, **40%** of the total loan **dollar volume** was originated to businesses with GAR < $1 million. In Monroe County, **only 23%** of the total dollar volume of small business loans were originated to businesses with GAR < $1 million.

Table 4 and 4A includes a list of randomly selected mid-size cites throughout the country, broken out by region.

In the **Northeast region** there were only **3 MSA's, out of a total of 16,** where the dollar volume of small business loans originated to businesses with GAR <$1 million exceeded 40%. In **13 MSA's, out of a total of 16,** the dollar volume of small business loans originated to businesses with GAR <$1 million was less than 40%. **The three cities of Western New York (Buffalo, Syracuse and Rochester) comprised three out of five of the bottom five cities in the Northeast.** They also came out in the bottom five in a an amalgamated list of the over 50 cities broken out by region.

In the Midwest, for **12 out of 19** MSA's, the total dollar volume of small business loans originated to businesses with GAR <$1 million **exceeded 40%.**

In the South, for **12 out of 16** MSA's, the total dollar volume of small business loans originated to businesses with GAR <$1 million exceeded 40%.

In the West, for **4 out of 14** MSA's, the total dollar volume of small business loans originated to businesses with GAR <$1 million exceeded 40%.

Northeast/South

Loans to Businesses with Revenues <$1Million Northeast						
	Total Loans		Loans to Bus. Rev. <$1Million		Percentage to Bus. Rev. <$1Million	
MSA	Number	Amount Millions	Number	Amount Millions	Number	Amount Millions
Trenton NJ	2,674	$179	1,344	$96	50%	54%
Providence RI	568	$34	313	$15	55%	44%
Portland ME	3,236	$235	1,595	$96	49%	41%
Springfield MA	5,570	$309	3,095	$123	56%	40%
Harrisburg PA	**5,610**	**$389**	**1,985**	**$151**	**35%**	**39%**
Albany NY	7,316	$580	3,702	$215	51%	37%
Manchester NH	1,936	$153	820	$56	42%	37%
Pittsburgh PA	20,941	$1,549	9,311	$535	44%	35%
Erie PA	2,487	$221	1,181	$76	47%	34%
Worcester MA	2,852	$176	1,192	$57	42%	32%
Hartford CT	8,534	$578	3,507	$187	41%	32%
Burlington VT	2,409	$215	839	$61	35%	28%
Syracuse NY	6,167	$566	2,712	$156	44%	28%
New Haven CT	3,931	$292	1,528	$74	39%	25%
Rochester NY	**10,704**	**$978**	**4,697**	**$247**	**44%**	**25%**
Buffalo NY	**11,298**	**$1,178**	**4,594**	**$264**	**41%**	**22%**

Loans to Businesses with Revenues <$1Million South						
	Total Loans		Loans to Bus. Rev. <$1Million		Percentage to Bus. Rev. <$1Million	
MSA	Number	Amount Millions	Number	Amount Millions	Number	Amount Millions
Jackson MS	9,524	$419	7,192	$274	76%	65%
Athens GA	1,647	$118	1,106	$74	67%	63%
Huntsville AL	4,862	$398	3,391	$233	70%	59%
Charlottesville VA	2,021	$125	1,121	$70	55%	56%
Little Rock AR	5,547	$318	3,140	$177	57%	56%
Charlotte SC	1,427	$88	915	$47	64%	53%
Columbus GA	3,405	$254	2,030	$133	60%	52%
Memphis TN	8,190	$545	4,281	$282	52%	52%
New Orleans LA	15,323	$805	7,780	$405	51%	50%
Raleigh-Durham N	15,477	$908	8,814	$429	57%	47%
Ft. Lauderdale FL	14,219	$615	7,094	$265	50%	43%
Birmingham AL	11,197	$843	6,284	$362	56%	43%
Tampa FL	**17,201**	**$902**	**7,672**	**$353**	**45%**	**39%**
Austin TX	9,576	$585	4,458	$224	47%	38%
Louisville KY	10,392	$727	4,407	$275	42%	38%
Ft. Worth TX	12,112	$690	5,736	$236	47%	34%

Table 4

Loans to Businesses with Revenues <$1Million Midwest						
	Total Loans		Loans to Bus. Rev.		Percentage to Bus.	
			<$1Million		Rev. <$1Million	
MSA	Number	Amount	Number	Amount	Number	Amount
		Millions		Millions		Millions
Columbia MO	1,831	$117	1,279	$76	70%	65%
Iowa City IA	1,713	$115	1,182	$69	69%	60%
Flint MI	3,050	$240	1,732	$132	57%	55%
Bloomington-Normal IL	1,648	$97	949	$50	58%	52%
Ann Arbor MI	3,619	$331	2,209	$160	61%	48%
Decatur IL	1,040	$61	495	$29	48%	48%
Des Moines IO	4,369	$375	2,557	$175	59%	47%
Boise ID	5,004	$374	2,704	$171	54%	46%
Bismarck ND	709	$49	339	$22	48%	45%
Gary IN	6,010	$437	3,427	$193	57%	44%
Madison WI	4,655	$413	2,275	$182	49%	44%
St. Louis MO	20,791	$1,650	9,980	$711	48%	43%
Dayton OH	**7,207**	**$607**	**3,757**	**$230**	**52%**	**38%**
Indianapolis IN	13,734	$1,121	6,059	$424	44%	38%
Milwakee WI	16,287	$1,465	8,191	$532	50%	36%
Kansas City MO	12,704	$763	5,226	$275	41%	36%
Omaha NE	6,731	$492	2,719	$164	40%	33%
Jackson WY	7,916	$492	3,256	$155	41%	32%
Minneapolis-St.Paul MN	22,628	$1,673	8,642	$436	38%	26%

Loans to Businesses with Revenues <$1Million West						
	Total Loans		Loans to Bus. Rev.		Percentage to Bus.	
			<$1Million		Rev. <$1Million	
	Number	Amount	Number	Amount	Number	Amount
MSA		Millions		Millions		Millions
Santa Fe NM	1,586	$86	855	$51	54%	59%
Billings MT	2,188	$120	1,280	$60	59%	50%
Albuquerque NM	6,993	$447	3,375	$189	48%	42%
Spokane WA	4,573	$349	2,100	$138	46%	40%
Reno NV	**3,672**	**$212**	**1,615**	**$83**	**44%**	**39%**
Denver CO	17,926	$982	6,280	$383	35%	39%
Boulder CO	3,652	$224	1,227	$84	34%	38%
Stockton CA	4,425	$244	1,740	$91	39%	37%
Salt Lake City UT	10,061	$674	3,649	$250	36%	37%
Eugene OR	3,003	$269	1,541	$98	51%	36%
San Diego CA	25,804	$1,130	9,789	$392	38%	35%
Portland OR	846	$58	357	$20	42%	34%
Fresno CA	6,822	$329	2,550	$101	37%	31%
Tucson AZ	5,260	$238	1,926	$58	37%	24%

Table 4A

SMALL BUSINESS LOANS <$100,000:

Small business loans for amounts of less than $100,000 are another indicator of loans to smaller businesses.

a. Number of originations.

In 1997, **79%** of the **number** of all reported small business loans originated in Monroe County were <$100,000.

Chase had **the highest** percentage of originations for loans < $100,000 (82%). **M & T** had the **lowest** percentage of the total **number of** originations for loans < $100,000 **(61%).** With the exception of Chase, all the banks examined in this report had less than 79% of their originated loans < $100,000.

b. Amount of originations.

Only **21%** of the total loan dollar volume of loans originated by all financial institutions were for amounts < $100,000.

Citibank had the **highest** percentage of dollar volume for loans < $100,000 (32%). M & T, along with Key, had the **lowest** percentage of the dollar volume of origination's for loans < $100,000 **(15%).**

The seven larger banks originated 63% of the loans and 85% of the dollar volume of small business loans <$100,000 in the MSA. American Express, Advanta, Canandaigua National Bank, National Bank of Geneva, Mountain West Financial Corp., MBNA, and Wells Fargo originated over 2,200 small business loans <$100,000 totaling $20 million. This accounted for 85% of the Small business loans, <$100,000 not originated by the seven largest lenders. Of the lenders listed above, American Express and Mountain West Financial were the top two lenders, in terms of number of loans.

	Total Loans		< $100,000		GAR < $1 M	
	No.	Amount Millions	No.	Amount Millions	No.	Amount Millions
MountainWest	849	$2.2	849	$2.2	23	$0.05
American Express	689	$7.9	688	$7.7	506	$5.7
Advanta FC	294	$2.9	294	$2.9	0	0
Wells Fargo	214	$4.1	214	$4.1	56	$1.4
MBNA	88	$1.0	88	$1.0	77	$0.9
Canandaigua NB	87	$9.3	66	$2.3	76	$8.8
N Bank of Geneva	11	$1.6	6	$0.2	9	$1.2
Total	2,232	$29.0	2,205	$20.4	747	$18.1

SMALL BUSINESS LOANS IN THE CITY OF ROCHESTER

In 1997, there were 219 fewer small business loans in the City than in 1996. The dollar amount also decreased by $3 million. However, the number of loans originated to businesses with GAR <$ 1million increased by 59 and the dollar amount increased by $16 million to $56 million.

As indicated, small business loan data is not available at a census tract level for the individual bank. However, we were able to map those City census tracts, which received no small business loans at all. The census tracts marked in red received no small business loans. Map 1 shows that:

- HSBC and M&T had the fewest number of census tracts with no small business loans at all.
- Citibank, FNB, Fleet, Key and Chase did not have any small business loans at all in most of the census tracts in the southwest quadrant (Sector 4).
- FNB and Key did not have any small business loans in a number of census tracts in the northeast quadrant of the City. (Sectors 9-10)
- FNB, Fleet and Key did not have any small business loans in a number of census tracts off Lake Ave. in the northwest quadrant of the City.

We have met with the banks and urged them to improve their outreach and marketing efforts in those neighborhoods where no loans were originated.

RECOMMENDATIONS

The Coalition recognizes that improving lending to smaller businesses is a challenging task. Area banks have managed to make dramatic improvements in affordable home mortgage lending by having staff dedicated to that specific area of lending. They have accompanied this by funding pre-and post purchase counseling both in-house and by contracting with local not-for-profits. A similar strategy is a key to success in order to improve access to capital for smaller businesses. Many small businesses need ongoing technical assistance in the first few years of their existence. **Banks should have loan officers on staff whose only job is to make loans and provide technical assistance to businesses with GAR <$ 1M, businesses in low-mod census tracts and businesses in the City**. The Coalition is confident that such a strategy will prove successful. Preliminary data from some area banks who are moving in this direction confirms this.

PART II
B. COMPARISION OF SEVEN MAJOR BANKS

The seven largest banks included in this analysis originated **69%** of the total **number** of loans and **92%** of the **dollar amount** of small business loans in Monroe County. Table 5 provides a breakdown of the number and dollar amount of small business loans of the seven largest banks along with their marketshare. In 1997, of the seven largest banks, in 1997:

- HSBC was the largest small business lender in Monroe County in terms of the total number and amount of loans (1,166 /$192M), number of loans in low-moderate income census tracts (334), number and amount of loans to businesses with GAR <$ 1M (681/$42M) and number of loans to businesses with GAR < $1 M in low – moderate income census tracts.
- M & T tied with HSBC in terms of the amount of small business loans in low-moderate income census tracts ($48M) and amount of loans to businesses with GAR < $1 M in low –moderate-income census tracts ($8M).
- Key had the fewest number of small business loans in Monroe County in terms of the total number of loans, number of loans in low-moderate income census tracts and to businesses with GAR <$ 1M.
- FNB had the lowest amount of small business loans in Monroe County ($32M), the lowest number and amount of loans in low-moderate income census tracts, and the lowest number of loans to businesses with GAR < $1 M in low – moderate income census tracts.
- Chase had the lowest amount of loans to businesses with GAR <$ 1M ($11M) and to businesses with GAR < $1 M in low – moderate income census tracts ($2M).

1997 Rochester, Monroe County
Small Business Loans

	AFI	Chase	Citibank	First National	Fleet	Key	Marine	M&T	Top 7	OFI
Total No.	7914	877	634	291	458	174	1872	1166	5472	2,442
Total Amt. (Millions)	$763	$90	$62	$32	$76	$34	$217	$192	$703	$60
LMCT No.	1237	194	126	53	127	53	334	262	1149	88
LMCT Amt (Millions)	$184	$23	$15	$7	$21	$11	$48	$48	173	$11
Bus.GAR <$1 Million No.	3172	407	310	157	210	88	681	499	2,352	820
Bus.GAR <$1 Million Amt. (M)	$174	$11	$21	$15	$17	$12	$42	$33	151	$23
Bus.GAR <$1 M. LMCT No.	550	72	50	23	44	24	121	106	440	110
Bus.GAR <$1 M. LMCT Amt. (Millions)	$35	$2	$4	$3	$3	$4	$8	$8	32	$3

MARKET SHARE

		Chase	Citibank	First National	Fleet	Key	Marine	M&T	Top 7	OFI
Total No.		11%	8%	4%	6%	2%	24%	15%	69%	31%
Total Amt. (Millions)		12%	8%	4%	10%	4%	28%	25%	92%	8%
LMCT No.		16%	10%	4%	10%	4%	27%	21%	93%	7%
LMCT Amt. (Millions)		13%	8%	4%	11%	6%	26%	26%	94%	6%
Bus.GAR <$1 Million No.		13%	10%	5%	7%	3%	21%	16%	74%	26%
Bus.GAR <$1 Million Amt.		6%	12%	9%	10%	7%	24%	19%	87%	13%
Bus.GAR <$1 M. LMCT No.		13%	9%	4%	8%	4%	22%	19%	80%	20%
Bus.GAR <$1 M. LMCT Amt.		6%	11%	1%	9%	11%	23%	23%	84%	16%

AFI: All Financial Institutions
OFI: Other Financial Institutions
Greater Rochester Community Reivestment Coalition 1999

Table 5

CHASE

In 1997:

- Loans in Monroe County: There was a **25% increase** in the number of loans. The dollar volume of lending **increased by 17%.**
- Loans in Low-Moderate Census Tracts: There was no change in the number of loans. The dollar volume increased by 33%.
- Loans to Businesses with GAR < $ 1 M: There was a **75% increase** in the number of loans, while, the dollar amount **decreased by 8%.**
- Loans to Businesses with GAR < $ 1 M in Low -Moderate Census Tracts: There was a 50% **increase** in the number of loans, while, the dollar amount remained unchanged.

Year	TOTAL		Low Moderate CT		BUS.GAR <$1 M.		BUS.GAR <$1 M.LMCT	
	Loans	Amt.M	Loans	Amt.M.	Loans	Amt.M.	Loans	Amt.M.
1996	703	$77	196	$18	233	$12	48	$2
1997	877	$90	194	$24	407	$11	72	$2

PERCENT OF LOANS TO						
	Low Moderate CT		BUS.GAR <$1 M.		BUS.GAR <$1 M. LMCT	
	Loans	Amt.	Loans	Amt.	Loans	Amt.
1996	28%	10%	33%	16%	21%	17%
1997	22%	26%	46%	12%	18%	18%

In 1997:

- Chase had $1.1 billion in deposits in **Monroe County,** and **ranked 3rd** in terms of deposits. Chase was also the third largest small business lender in Monroe County in number and amount of loans.
- **22%** of the number of loans and **26%** of the dollar volume of loans was originated in low-moderate census tracts.
- **46%** of the number of loans, but only **12%** of the dollar amount, was originated to businesses with GAR <$1 M. Chase ranked third in the number of loans originated to such businesses.
- The amount of loans to Businesses with GAR <$1 M in low-moderate census tracts was a mere **$2 million**, the **lowest amount** of all seven banks compared in this report. However, Chase had the **third highest number of loans** to such businesses.
- 82% of small business loans were for amounts < $100,000, the **highest of** the banks compared in this report.

Chase has advised the Coalition that the smaller dollar amount of their loans is a reflection of their philosophy to meet the needs of smaller businesses.

CITIBANK

In 1997:

- Loans in Monroe County: There was a 50% **increase** in the number and amount of loans.
- Loans in Low-Moderate Census Tracts: There was a **38% increase** in the number of loans. The dollar volume of lending **increased by 66%.** ($15M)
- Loans to Businesses with GAR < $ 1 M: There was a **50% increase** in the number of loans. The dollar amount **increased by 90%.**
- Loans to Businesses with GAR < $ 1 M in Low-Moderate Census Tracts: There was a 7% increase in the number of loans and a **50% increase in the amount of loans. ($4M)**

Year	TOTAL		Low Mod CT		BUS.GAR <$1 M.		GAR <$1 .LMCT	
	Loans	Amt.M	Loans	Amt.M.	Loans	Amt.M.	Loans	Amt.M.
1996	421	$40	91	$9	206	$12	34	$2
1997	634	$62	126	$15	310	$21	50	$4

PERCENT OF LOANS TO						
	Low Mod CT		BUS.GAR <$1 M.		BUS.GAR <$1 M.LMCT	
	Loans	Amt.M.	Loans	Amt.M.	Loans	Amt.M.
1996	22%	23%	49%	30%	17%	17%
1997	20%	24%	49%	34%	16%	19%

In 1997:

Citibank had **$481** million in deposits in Monroe County, and ranked 5th in terms of deposits. It ranked 4th in terms of the total number of small business loans originated in Monroe County.

- **49% of the number of loans and 34% of the dollar volume** was originated to businesses with GAR <$1 M.
- **20%** of the number of loans and **24%** of the dollar volume of loans was originated in low-moderate census tracts.
- 77% of small business loans were for amounts < $100,000 which was better than the average of the seven largest banks (72%)

CITIBANK

In 1997:

- Loans in Monroe County: There was a 50% **increase** in the number and amount of loans.
- Loans in Low-Moderate Census Tracts: There was a **38% increase** in the number of loans. The dollar volume of lending **increased by 66%.** ($15M)
- Loans to Businesses with GAR < $ 1 M: There was a **50% increase** in the number of loans. The dollar amount **increased by 90%.**
- Loans to Businesses with GAR < $ 1 M in Low-Moderate Census Tracts: There was a 7% increase in the number of loans and a **50% increase in the amount of loans. ($4M)**

Year	TOTAL		Low Mod CT		BUS.GAR <$1 M.		GAR <$1 .LMCT	
	Loans	Amt.M	Loans	Amt.M.	Loans	Amt.M.	Loans	Amt.M.
1996	421	$40	91	$9	206	$12	34	$2
1997	634	$62	126	$15	310	$21	50	$4

PERCENT OF LOANS TO						
	Low Mod CT		BUS.GAR <$1 M.		BUS.GAR <$1 M.LMCT	
	Loans	Amt.M.	Loans	Amt.M.	Loans	Amt.M.
1996	22%	23%	49%	30%	17%	17%
1997	20%	24%	49%	34%	16%	19%

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- 20% of the number of loans and **24%** of the dollar volume of loans was originated in low-moderate census tracts.
- 77% of small business loans were for amounts < $100,000 which was better than the average of the seven largest banks (72%)

FIRST NATIONAL BANK

In 1997:

- Loans in Monroe County: There was a **20% increase** in the number of loans. The dollar volume of lending **increased by 10%.**
- Loans in Low-Moderate Census Tracts: There was a 23% increase in the number of loans. The dollar volume **more than doubled ($7M).**
- Loans to Businesses with GAR < $ 1 M: There was **a 44% increase** in the number of loans. The dollar amount more than **doubled to $15M.**
- Loans to Businesses with GAR < $ 1 M in Low-Moderate Census Tracts: The number of loans **doubled** and the dollar amount **increased six-fold to** $3 M.

Year	TOTAL		Low Moderate CT		BUS.GAR <$1 M.		BUS.GAR <$1 M.LMCT	
	Loans	Amt.M	Loans	Amt.M.	Loans	Amt.M.	Loans	Amt.M.
1996	242	$29	43	$3	109	$7	12	$0.5
1997	291	$32	53	**$7**	157	**$15**	23	**$3**

PERCENT OF LOANS TO						
	Low Moderate CT		BUS.GAR <$1 M.		BUS.GAR <$1 M.LMCT	
	Loans	Amt.M.	Loans	Amt.M.	Loans	Amt.M.
1996	18%	10%	45%	24%	11%	7%
1997	18%	22%	54%	47%	15%	20%

In 1997:

FNB had $378 million in deposits in Monroe County, and ranked 6th in terms of deposits.

- **54% of the number of loans and 47% of the dollar volume** was originated to businesses with GAR <$1 M. Of all banks compared in this report, FNB had the **highest percentage of its total loans originated to businesses with GAR <$1 million.**
- **18%** of the number of loans and **22%** of the dollar volume of loans was originated in low-moderate census tracts.
- 73% of the loans FNB originated were under $100,000. 28% of the dollar amount originated was for loans under < $100,000.
- FNB originated the **smallest dollar volume** of small business loans in Monroe County

FLEET

In 1997:

- Loans in Monroe County: There was a **24% and 29% decrease** in the number and amount of loans, respectively.
- Loans in Low-Moderate Census Tracts: There was a **23% decrease** in the number of loans. The dollar volume of lending **decreased by 32%.**
- Loans to Businesses with GAR < $ 1 M: There was a 25% **decrease** in the number of loans. The dollar amount **decreased by 36%.**
- Loans to Businesses with GAR < $ 1 M in Low-Moderate Census Tracts: There was **a 60% decrease in the amount of loans.**

	TOTAL		Low Moderate CT		BUS.GAR <$1 M.		BUS.GAR <$1 M.LMCT	
	Loans	Amt.M	Loans	Amt.M.	Loans	Amt.M.	Loans	Amt.M.
1996	602	$107	164	$29	280	$25	62	$5
1997	458	$76	127	$21	210	$17	44	$3

PERCENT OF LOANS TO						
	Low Moderate CT		BUS.GAR <$1 M.		BUS.GAR <$1 M.LMCT	
	Loans	Amt.M.	Loans	Amt.M.	Loans	Amt.M.
1996	27%	27%	47%	23%	22%	20%
1997	28%	28%	46%	22%	21%	18%

Fleet had $541 million in deposits in Monroe County, and ranked 4th in terms of deposits. Fleet was the 5th small business lender in Monroe County (number of loans), having fallen behind from 4th place in 1996.

In 1997:

- **22%** of the total dollar volume of loans were originated to businesses with GAR <$1 M.
- **28%** of the number and dollar volume of loans were originated in low-moderate census tracts, which was **higher** than the average for all financial institutions.
- **64%** of small business loans were for amounts < $100,000, which was **lower** than the average for all financial institutions

KEY

- In 1997 KEY maintained its level of small business lending in Monroe County, **low-moderate income** census tracts and to businesses with GAR< $1 million. The dollar volume of lending to businesses with GAR <$1 M **increased by 50%.**
- The dollar volume of loans to businesses with GAR <$1 M in low-moderate census tracts increased by **25%.**

Year	TOTAL		Low Moderate CT		BUS.GAR <$1 M.		BUS.GAR <$1 M.LMCT	
	Loans	Amt.M	Loans	Amt.M.	Loans	Amt.M.	Loans	Amt.M.
1996	182	$33	64	$11	90	$8	27	$3
1997	174	$34	53	$11	88	$12	24	$4

PERCENT OF LOANS TO						
	Low Moderate CT		BUS.GAR <$1 M.		BUS.GAR <$1 M.LMCT	
	Loans	Amt.M.	Loans	Amt.M.	Loans	Amt.M.
1996	35%	33%	49%	24%	30%	38%
1997	30%	32%	51%	35%	27%	33%

Key had $204 million in deposits in Monroe County, and ranked 8th in terms of deposits. Of the seven banks, Key had the fewest number of small business loans in Monroe County.

- 30% of the number of loans was originated in low-moderate census tracts, which was **higher** than the average for all financial institutions.

- **35%** of the total dollar volume were originated to businesses with GAR <$1 M.

- **68%** of small business loans were for amounts < $100,000, which was **lower** than the average for all financial institutions

M&T

In 1997:

- Loans in Monroe County: There was a **45% increase** in the number of loans. The dollar amount of loans **increased by 30%.**.
- Loans in Low-Moderate census tracts: There was a **27% increase** in the number of loans. The dollar volume of lending **increased by 8%.**
- Loans to Businesses with GAR < $ 1 M: There was a **70% increase** in the number of loans. The dollar amount **increased by 22%.**
- Loans to Businesses with GAR < $ 1 M in Low-Moderate Census Tracts: There was **a 60% increase in the number of loans and a 14% increase in the dollar volume of loans.**

Year	TOTAL		Low Moderate CT		BUS.GAR <$1 M.		BUS.GAR <$1 M.LMCT	
	Loans	Amt.M	Loans	Amt.M.	Loans	Amt.M.	Loans	Amt.M.
1996	801	$147	207	$44	293	$27	66	$7
1997	1,166	$192	262	$48	499	$33	106	$8

PERCENT OF LOANS TO						
	Low Moderate CT		BUS.GAR <$1 M.		BUS.GAR <$1 M.LMCT	
	Loans	Amt.M.	Loans	Amt.M.	Loans	Amt.M.
1996	26%	30%	37%	18%	23%	26%
1997	22%	25%	43%	17%	21%	24%

In 1997, M&T was **the second largest** small business lender in Monroe County, both in terms of number and dollar volume of loans. M & T, along with Marine, had the highest dollar volume of loans in low-moderate census tracts. M & T had the second largest number and dollar volume of loans to businesses with GAR < $1M.

- 22% of the loans were originated in low-moderate census tracts, which was lower than the average for all financial institutions.
- 17% of the total dollar volume was originated to businesses with GAR <$1 M, which was lower than the average for all financial institutions.
- 61% of the loans M & T originated were under $100,000. This was the lowest percentage of all seven banks. Only 15% of the dollar amount originated were for loans under < $100,000, which was lower than the aggregate percentage for all financial institutions (21%).

MARINE MIDLAND/HSBC

In 1997:

- Loans in Monroe County: There was a **18% decrease** in the number of loans. The dollar amount of loans remained comparable to 1996.
- Loans in Low-Moderate Census Tracts: The number and dollar volume of loans was comparable to 1996.
- Loans to businesses with GAR < $ 1 M: There was a 16% **increase** in the number of loans. The dollar volume **increased by 147% to $42 M.**
- Loans to Businesses with GAR < $ 1 M in Low-Moderate Census Tracts: There was **a 100% increase** in the dollar volume of loans.

Year	TOTAL		Low Moderate CT		BUS.GAR <$1 M.		BUS.GAR <$1 M.LMCT	
	Loans	Amt.M	Loans	Amt.M.	Loans	Amt.M.	Loans	Amt.M.
1996	2,276	$220	338	$50	586	$17	124	$4
1997	1,872	$217	334	$48	681	$42	121	$8

PERCENT OF LOANS TO						
	Low Moderate CT		BUS.GAR <$1 M.		BUS.GAR <$1 M.LMCT	
	Loans	Amt.M.	Loans	Amt.M.	Loans	Amt.M.
1996	15%	23%	26%	8%	21%	24%
1997	18%	22%	36%	19%	18%	19%

HSBC was the **largest** small business lender in Monroe County, both in terms of number and dollar volume of loans. Marine, along with M & T, had the highest dollar volume of loans in low-moderate census tracts. HSBC had the largest number and volume of loans to businesses with GAR < $1M.

- 18% of the loans were originated in low-moderate census tracts, which was lower than the average for all financial institutions.
- **19%** of the total dollar volume was originated to businesses with GAR <$1 M, which was lower than the average for all financial institutions.

- 74% of the loans HSBC originated were under $100,000. Only 16% of the dollar volume originated was for loans under < $100,000, which was lower than the aggregate percentage for all financial institutions

GLOSSARY

Community Reinvestment Act of 1977 (CRA)

CRA is the federal law which defines lending obligations of federally regulated or insured banks, savings and loan companies and requires these institutions to serve the needs of the entire community in their assessment area. These financial institutions have an affirmative obligation to include services and lending that meet the needs of low-moderate neighborhoods. In 1995 new regulations strengthened CRA by requiring more emphasis on a financial institution's performance evaluations.

Conventional

This refers to any loan other than those insured or guaranteed by the federal government. Private mortgage insurance is required for conventional loan borrowers who have loan-to-value ratios over 80 percent.

Credit Union

A nonprofit, member owned financial institution. Credit unions serve a defined "field of membership" including a particular community, group of employees, or members of a group or association. A person or their family member must belong to one the groups in the field of membership in order to join a credit union. Similar to banks, credit unions are federally insured depository institutions charted by a state or federal regulatory agency.

Depository Institution

These types of financial institutions maintain deposits for account holders that are federally insured. Federal funds created by congress, the Federal Insurance Deposit Corporation (FDIC) and the National Credit Union Share Insurance Fund (NCUSIF), insure accounts up to $100,000.

Fannie Mae

Fannie Mae is a private, stock-owner corporation chartered by Congress to provide a secondary market for mortgages by purchasing mortgages originated by other financial institutions.

Federal Housing Administration (FHA)

FHA, a division of the federal Dept. of Housing and Urban Development, insures mortgage loans up to a maximum allowable amount for borrowers meeting specific income and debt-to-loan ratios for properties meeting FHA standards.

Gross Annual Revenue (GAR)

Revenues earned by a business before expenses are deducted. The GAR figure is relevant in analyzing community development business loans because loans to businesses with less than 1 million GAR are considered loans to small businesses when they are reported to regulatory agencies by financial institutions.

Home Mortgage Disclosure Act of 1975 (HMDA)

HMDA requires each bank and, if applicable, its home mortgage lending subsidiary, to collect and report lending data to regulators and disclose certain data to the public. The scope of HMDA was expanded in 1990 and information now available to the public includes; the type of loan, location and type of property, the race, gender and income of the applicant. Financial institutions must also report on the status of the application, whether it was approved, denied, withdrawn, closed for incompleteness or sold on the secondary market. HMDA data is used to help the public determine if a financial institution is meeting the investment needs of their community.

Metropolitan Statistical Area (MSA)

Census data is reported at the individual household level as well as for geographic regions. The MSA refers to a defined urbanized area with one large population nucleus, together with adjacent communities that have a high degree of economic and social integration. The Rochester MSA includes the City of Rochester and the surrounding communities in Monroe, Wayne, Ontario, Livingston, Orleans and Genesee counties.

Low-moderate income household

The U.S. Department of Housing and Urban Development classifies households based on a formula tied to median family income for particular communities. Low -moderate income households are those with annual income of 80 percent or less of the area family median income. Low-income households earn 50 percent or less of area family median income.

Low-moderate income census tract

Census tracts are classified as low-moderate income based on the percentage of low-moderate income households in comparison to the total number of households. HMDA data classifies census tracts as low-mod if they have a low-moderate income population in excess of 50 percent.

Mortgage bank

A non-depository financial institution whose primary purpose is to provide mortgage loans, refinancing and home equity lines of credit to homeowners.

Minority census tract

A census tract with a minority population in excess of 50 percent.

Sub-prime lender

Financial institutions whose interest rate for lending is higher than the prime market rate for similar loans made by other financial institutions. Sub-prime lenders specialize in lending to borrowers who do not meet the loan underwriting criteria of retail banks and generally incur higher costs for using more flexible underwriting standards and assuming greater risk.

GREATER ROCHESTER
COMMUNITY REINVESTMENT COALITION
P.O. BOX 39541
ROCHESTER, NEW YORK 14604

July 6th 1999

Jonathan Fine
Federal Reserve Bank of Boston
PO Box 2076
Boston, MA 02106

Re: Fleet/BankBoston merger

Dear Mr. Fine,
I am writing to you on behalf of the Greater Rochester Community Reinvestment Coalition (GRCRC) to submit comments on the Fleet/BankBoston merger.

GRCRC was convened in 1993 to generate discussion about the lending patterns in Rochester. Since then, the Coalition has released four analyses of home mortgage and small business lending data. We have used the analyses to identify strengths and weaknesses in lending patterns and to generate ongoing discussion with the banks in question. The Coalition also submits comments, based on the data, to the appropriate Federal regulators who have oversight of the banks.

GRCRC has a membership of over 30 locally based not-for profits and individuals. GRCRC has ongoing written commitments from M&T Bank, HSBC (Marine Midland) and Charter One about their community reinvestment obligations. GRCRC also continues to monitor unilateral pledges made by Chase and Citibank.

FLEET'S HMDA LOANS

Fleet's HMDA lending has declined dramatically in the last three years. GRCRC has released a report on HMDA and small business lending. I have included some excerpts from the report where it pertain to Fleet. I have also included a brief analysis of the aggregate lending pattern in Rochester to place Fleet's lending in context. A market share chart of the 8 largest banks, for the Rochester MSA, is attached.

In 1997, Fleet had $936 million in deposits in the Rochester MSA, and **ranked 5th in terms of deposits.** Fleet's assessment area includes the entire Rochester MSA.

In 1997:
Loans in **MSA**: There was a **20% decrease** from 1995.
Loans in **City:** There was a **53% decrease** from 1995.
Loans to **Blacks/Hispanics**: There was a **66% decrease** from 1995 (only 41 loans).
Loans to **Low-Moderate Households**: There was a **30% decrease** from 1995.
Loans in **Low-Moderate Census Tracts**: There was a **30%** **decrease** from 1995.

This information is presented in Table format below.

				95-97	95-97
	1995	**1996**	**1997**	**Difference**	**Decrease**
MSA market share	7.4%	5.5%	4.6%	-2.8%	
MSA	1,482	1,380	1,179	-303	-20%
City	266	167	126	-140	-53%
Bl/His HH MSA	122	71	41	-81	-66%
LM HH MSA	446	317	310	-136	-30%
LM CT MSA	220	216	154	-66	-30%
Non-occupant	47	46	33	-14	-30%
% of loans in:					
city	18%	12%	11%		
Bl/His HH MSA	8%	5%	3%		
LM HH MSA	30%	23%	26%		
LM CT MSA	15%	16%	13%		

In 1997,

- In 1996 and 1997, Fleet originated fewer HMDA loans in the City, to Black/Hispanic and low-moderate income households, and in low-moderate income census tracts compared to 1995.

- In 1997, **only 3% of** Fleet's total loans in the MSA went to **Black/Hispanic** households, down **from 8%** in 1995.

In 1997 **denial** rates for **Black applicants** continued to be as high as in 1995, **with 43%** of Black applicants denied loans. Hispanic applicants were had a 30% denial rate. In 1997 Fleet had the **highest** denial rate for **White applicants** of all eight banks (28%) A chart comparing the 1997 HMDA denials of the eight largest banks is attached and should be incorporated into these comments.

FLEETS HMDA LENDING COMPARED TO AREA PEERS

Obviously the changes in Fleet HMDA lending need to be placed in context of market changes.

Since 1992, there has been a significant improvement in HMDA lending for city residents, Black, Hispanic and low-to moderate-income households.

Lending by all HMDA lenders in 1997, compared to 1992:

- Increased in the **MSA by 9%.**
- Increased in the **City by 94%.**
- Increased to **Black/Hispanic households by 123%.**
- Increased to **low–moderate income households by 72%.**
- Increased in **low–moderate income census tracts** by **41%.**
- Increased in **minority census tracts** by **139%.**

It is important understand what role the eight largest area banks [1] played in these increases. Between 1992 and 1997, the eight largest banks with branch presence in the MSA (including their acquired institutions) saw:

- **a 46% decrease** in their HMDA lending in the **MSA;**
- **a 33% decrease** in their HMDA lending **in the City;**
- **a 38% increase** in their lending to **Black/Hispanic households;**
- **a 5 % decrease** in their lending in **minority census tracts; and**
- **a 19% decrease** in their lending in **low-moderate income census tracts.**

Overall, the number of HMDA loans has increased since 1992. **However, the top 8 area banks made almost 7,000 fewer HMDA loans in 1997 than in 1992.** The increase in lending was accounted for by the other financial institutions serving the marketplace. The slack caused by the decline in bank lending was made up by credit unions, mortgage banks, out-of-state banks and sub-prime lenders.

Despite the fact that the top 8 institutions saw a decline in their HMDA lending since 1992, a greater proportion of their lending in 1997 was in the City, to Black and Hispanic households, and in low moderate and minority census tracts.

---

[1] Charter One, Chase, Citibank, First National Bank of Rochester, Fleet, Key, M& T, HSBC (Marine Midland)

In 1997, of the total loans originated by the eight largest area banks in the Rochester MSA:

- **15%** were in the City, up from 12% in 1992.
- 7% were to Black/Hispanic households, up from 3% in 1992.
- **15%** were in low-moderate income census tracts, up from 5% in 1992.
- **4%** were in minority census tracts, up from 2% in 1992.

When we compare Fleet's HMDA lending with its local bank peers it is apparent that Fleet only had:

- **11%** of it's Rochester MSA loans in the city compared to the 15% of the top 8 area bank average.

- **3%** of it's Rochester MSA loans to Black/Hispanic households in the MSA compared to **7%** of the top 8 area bank average.

- **26%** of it's Rochester MSA loans to low moderate income households in the MSA compared to **30%** of the top 8 area bank average.

- **13%** of it's Rochester MSA loans in low moderate income census tracts in the MSA compared to **15%** of the top 8 area bank average.

- 1% of it's Rochester MSA loans in minority census tracts in the MSA compared to **4%** of the top 8 area bank average.

We recognize that the marketplace has changed but a number of the other area banks have improved their HMDA lending to traditionally underserved communities. The data shows that Fleet is lagging in this regard.

FLEET SMALL BUSINESS LOANS

In 1997:

- Loans in Monroe County: There was a **24% and 29% decrease** in the number and amount of loans, respectively.
- Loans in Low-Moderate Census Tracts: There was a **23% decrease** in the number of loans. The dollar volume of lending **decreased by 32%.**
- Loans to Businesses with GAR < $ 1 M: There was a 25% **decrease** in the number of loans. The dollar amount de**creased by 36%.**
- Loans to Businesses with GAR < $ 1 M in Low-Moderate Census Tracts (LMCT): There was **a 60% decrease in the amount of loans.**

Year	TOTAL		Low Mod Census Tracts		BUS.GAR <$1 M.		BUS.GAR <$1 M.LMCT	
	Loans	Amt.M	Loans	Amt.M.	Loans	Amt.M.	Loans	Amt.M.
1996	602	$ 107	164	29	280	25	62	5
1997	458	76	127	21	210	17	44	3
		[redacted]						
		PERCENT OF	LOANS TO					
			Low Moderate Census Tracts		BUS.GAR <$1 M.		BUS.GAR <$1 M.LMCT	
			Loans	Amt.M.	Loans	Amt.M.	Loans	Amt.M.
		1996	27%	27%	47%	23%	22%	20%
		1997	28%	28%	46%	22%	21%	18%

In 1997:

- **22%** of the total dollar volume of loans were originated to businesses with GAR <$1 M.
- **28%** of the number and dollar volume of loans were originated in low-moderate census tracts, which was **higher** than the average for all financial institutions.
- **64%** of small business loans were for amounts < $100,000, which was **lower** than the average for all financial institutions

A marketshare chart of 1997 small business lending in Monroe County by the 7 largest area banks is included with these comments.

The GRCRC is committed to fostering partnerships with all financial institutions in the belief that the goal of meeting the credit needs of traditionally underserved communities is compatible with safe and sound lending practices.

GRCRC has met with Fleet twice in the last 6 months. We have asked Fleet to provide the Coalition in writing their plans for a meeting the community reinvestment needs in our community. We are concerned that Fleet is not willing to do that.

We are not in a position to comment on the draft "pledge" that has been released to some community groups. We asked Fleet to share the pledge with the Coalition but were advised that that was not possible. We have only been privy to an unofficial version and from what we have seen it appears to us that the numbers are not broken down by assessment areas within states or even by state.

Furthermore, since 1998 HMDA data is not yet publicly available we are unable to ascertain whether the "pledge" represents an increase or decrease of Fleet's current lending.

We are formally requesting that the Federal Reserve Bank of Boston condition the approval of this merger on Fleet providing very specific details about their HMDA, small business and community development lending in each of their markets. We do not believe that regional or even statewide commitments are adequate. The current mechanisms for monitoring multi year, multi-state commitments are at best inadequate and at worst non-existent.

Fleet must provide greater specificity in terms of demonstrating how the pledge reflects an increase in their community development lending. In addition, Fleet must provide greater details about their proposed lending by category in each assessment area. In the event that Fleet fails to do so the Federal Reserve Bank should not approve this merger.

We are also requesting that in the event Fleet releases a "community commitment " the Federal Reserve Bank extend the comment period to two weeks after the date of release of such a commitment.

If you have any questions please feel free to contact me. I can be reached at 716-454-4060.

Yours truly,

R Mak

Ruhi Maker Esq.

Mosie Hanna Fleet Bank

Top 8 Banks
Rochester, NY
1997 HMDA Loans

	AFI	Charter One	Chase	Citibank	FNB	Fleet	Key	M&T	Marine	Top 8	OFI
MSA	25,660	1,119	573	372	527	1,179	932	1,295	1,981	7,978	17,682
City	3,779	198	77	52	124	126	92	237	282	1,188	2,591
Black/Hispanic HH MSA	1,507	102	32	28	67	41	49	138	110	567	940
Low-Mod HH MSA	7,583	340	149	78	157	310	331	432	627	2,424	5,159
Lod-Mod Income CT	3,673	136	60	53	84	154	253	175	256	1,171	2,502
Minority CT	1,203	66	39	16	36	14	26	61	69	327	876
Non-Occupant	940	16	28	4	11	33	14	37	81	224	716
MARKETSHARE											
		Charter One	Chase	Citibank	FNB	Fleet	Key	M&T	Marine		
MSA		4%	2%	1%	2%	5%	4%	5%	8%	31%	69%
City		5%	2%	1%	3%	3%	2%	6%	7%	31%	69%
Black/Hispanic HH MSA		7%	2%	2%	4%	3%	3%	9%	7%	38%	62%
Low-Mod HH MSA		4%	2%	1%	2%	4%	4%	6%	8%	32%	68%
Low-Mod Income CT		4%	2%	1%	2%	4%	7%	5%	7%	32%	68%
Minority CT		5%	3%	1%	3%	1%	2%	5%	6%	27%	73%
Non-Occupant		2%	3%	0%	1%	4%	1%	4%	9%	24%	76%
Loans as %											
of MSA TOTAL IN:		Charter One	Chase	Citibank	FNB	Fleet	Key	M&T	Marine		
City	15%	18%	13%	14%	24%	11%	10%	18%	14%	15%	15%
Black/Hispanic HH MSA	6%	9%	6%	8%	13%	3%	5%	11%	6%	7%	5%
Low-Mod HH MSA	30%	30%	26%	21%	30%	26%	36%	33%	32%	30%	29%
Low-Mod Income CT	14%	12%	10%	14%	16%	13%	27%	14%	13%	15%	14%
Minority CT	5%	6%	7%	4%	7%	1%	3%	5%	3%	4%	34%
Non-Occupant	4%	1%	5%	1%	2%	3%	2%	3%	4%	3%	4%
AFI: All Financial Institions											
OFI: Other Financial Institions											
GRCRC 1999											

Top 7 Banks
1997 Rochester, Monroe County
Small Business Loans

	AFI	Chase	Citibank	First National	Fleet	Key	Marine	M&T	Top 7	OFI
Total No.	7914	877	634	291	458	174	1872	1166	5472	2,442
Total Amt. (Millions)	$763	$90	$62	$32	$76	$34	$217	$192	$703	$60
LMCT No.	1237	194	126	53	127	53	334	262	1149	88
LMCT Amt (Millions)	$184	$23	$15	$7	$21	$11	$48	$48	173	$11
Bus.GAR <$1 Million No.	3172	407	310	157	210	88	681	499	2,352	820
Bus.GAR <$1 Million Amt. (M)	$174	$11	$21	$15	$17	$12	$42	$33	151	$23
Bus.GAR <$1 M. LMCT No.	550	72	50	23	44	24	121	106	440	110
Bus.GAR <$1 M. LMCT Amt. (Millions)	$35	$2	$4	$3	$3	$4	$8	$8	32	$3
MARKET SHARE										
		Chase	**Citibank**	**First National**	**Fleet**	**Key**	**Marine**	**M&T**	**Top 7**	**OFI**
Total No.		11%	8%	4%	6%	2%	24%	15%	69%	31%
Total Amt. (Millions)		12%	8%	4%	10%	4%	28%	25%	92%	8%
LMCT No.		16%	10%	4%	10%	4%	27%	21%	93%	7%
LMCT Amt. (Millions)		13%	8%	4%	11%	6%	26%	26%	94%	6%
Bus.GAR <$1 Million No.		13%	10%	5%	7%	3%	21%	16%	74%	26%
Bus.GAR <$1 Million Amt.		6%	12%	9%	10%	7%	24%	19%	87%	13%
Bus.GAR <$1 M. LMCT No.		13%	9%	4%	8%	4%	22%	19%	80%	20%
Bus.GAR <$1 M. LMCT Amt.		6%	11%	1%	9%	11%	23%	23%	84%	16%

AFI: All Financial Institutions
OFI: Other Financial Institutions
Greater Rochester Community Reivestment Coalition 1999

RECEIVED
JUL - 7 1999
BANKING ANALYSIS DEPT.

Fax

To: Mr. Robert Brady

Of: Fed. Res. Bank of Boston

Fax: 617-973-3219

Pages: 5, including this cover sheet.

Date: July 7, 1999

From the desk of...
RASHMI RANGAN
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VIA Facsimile: 617-973-3219

July 7, 1999

Mr. Robert M. Brady
Vice President
Federal Reserve Bank of Boston
600 Atlantic Avenue
Boston, Massachusetts 02106

RE: PETITION TO DENY THE APPLICATIONS OF FLEET FINANCIAL GROUP, INC. TO ACQUIRE BANKBOSTON CORP. AND ITS SUBSIDIARIES

Dear Mr. Brady:

On behalf of the Delaware Community Reinvestment Action Council, Inc. (DCRAC), I write to apologize for my inability to travel to Boston today to testify on the panel at 11:45 am. My three-page comments are included with this communication. I am requesting that someone read my comments during the time allocated for my testimony. In the alternative, my testimony be fully entered into the record of the public hearing.

I thank you for your accommodation of my request.

Sincerely,

Rashmi Rangan

Rashmi Rangan
Executive Director

Our mission is "to ensure equal access to credit and capital for the under served populations and communities throughout Delaware through Education, Advocacy, and Legislation"

Delaware Community Reinvestment Action Council, Inc.
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TESTIMONY OF RASHMI RANGAN, DELAWARE COMMUNITY REINVESTMENT ACTION COUNCIL, OPPOSING THE MERGER APPLICATIONS OF FLEET FINANCIAL AND BANKBOSTON CORP.

JULY 7, 1999

My name is Rashmi Rangan. I am the executive director of the Delaware Community Reinvestment Action Council, or DCRAC. For over twelve years, our organization has advocated for fair and equal access to credit and capital for the underserved Delawareans.

We are opposed to the merger proposal of Fleet Financial Group, (Fleet) and BankBoston Corp. (BankBoston). This application should be denied. The merger proposal does not serve the convenience and needs of the community. Nor, does the merger proposal have a positive market impact.

I. THIS MERGER'S ANTI-COMPETITIVE IMPACT CALLS FOR A DENIAL.

The FRB cannot approve any proposal under §3 of the BHC which would substantially lessen competition in any banking market, unless the anti-competitive effects are clearly outweighed in the public interest by the convenience and needs of the community. 12 U.S.C.;1842(c). This proposed merger is anti-competitive. Public convenience and needs are not served through this merger. The Federal Reserve Board (FRB) should deny this application. By reference, DCRAC introduces the June 6, 1999 comments of Inner City Press/Community on the Move (ICP) and its analysis of the anti-competitive effects of this merger.

II. FLEET'S TROUBLING FAIR LENDING RECORD CALLS FOR DENIAL.

Again, DCRAC submits, by reference, ICP's analysis on this issue.

Fleet acquired Shawmut in 1995, and NatWest in 1996.

Fleet's combined entities' lending volume declined 70% between 1995 and 1997.

The decline is greater in lending to minorities and in LMI census tracts.

Fleet's past mergers have not only hurt entire communities, but (an adverse factor under the CRA), they have disproportionately harmed low and moderate income communities.

III. FLEET'S PREDATORY LENDING ABUSES CALL FOR A DENIAL.

In May 1996, Fleet settled discrimination charges with the U.S. Department of Justice. Charges that it systematically overcharged minorities from its two New York City-area mortgage offices. In 1999, Fleet continues abusive lending practices.

By reference, I enter the Boston Globe article, "Easy loan program nothing but a headache for some consumers," by Patricia Wen and Bruce Mohl, June, 6, 1999. The article reports that Fleet's "fast-loan check" program delivered an easy-to-cash check of $10,000 to a 74-year-old mentally impaired man whose sole residence and mailing address in the past 18 years was a veterans' hospital in Bedford. Fleet sees no shame in it.

IV. FLEET'S POOR RECORD OF SERVING THE CONVENIENCE & NEEDS OF THE COMMUNITY CALLS FOR A DENIAL.

A Bank which treats its long-term customers the way Fleet treats its elderly, says much about the bank's efforts at not meeting the convenience and needs of its community. By reference, I enter the Providence Journal article of May 29, 1999, "A really big bank leaves little room for the small stuff," by Bob Kerr who reports that the elderly customer, slapped with fines for insufficient funds "was told he could get $25 back, but only if he purchased yearly overdraft protection, for $24. Then he was told he could get $37.50 back, but only if he purchased overdraft protection and signed up for direct deposit of his Social Security checks."

V. FLEET IN DELAWARE

It has been our practice to approach Delaware's non-profit service providing community such as small business lenders and counselors and home ownership counseling agencies to learn about a bank's direct involvement in our community. Consistently, each agency maintained that with Fleet's acquisition of NatWest in 1996, Fleet has done nothing in Delaware. They do not even have a CRA Officer! Vindicating charges of Fleet's poor performance after each of its past acquisitions.

VI. FLEET'S HMDA ANALYSIS FOR DELAWARE

In 1997, the following Fleet entities conducted mortgage lending business: Fleet Real Estate Funding Corporation & Fleet Home Equity USA. Between the two, they received 63 applications for mortgage, home improvement, and refinance loans.

- Fleet did not collect data by race for 40 of these applications, or 63.49%. This is a violation of the Home Mortgage Disclosure Act (HMDA). HMDA was enacted with the goal of asssessing who is and who is not having access to the credit system. By eliminating fully 64% of data from review, Fleet violates the intent and spirit of the law.
- Fleet's approval rate for whites was 65% compared with 50% for African Americans
- Fleet's denial rate for Whites was 23% compared with 25% for African Americans.
- Fleet received 18 applications from white applicants and 3 from African Americans.

Relative to applicant incomes,

- From applicants with median incomes below 50%, Fleet received 2 applications and denied both, a denial rate of 100%.
- From applicants with median incomes 50-79%, Fleet received 17 applications and denied 6, a denial rate of 35%.
- From applicants with median incomes 80-99%, Fleet received 10 applications and denied 3, a denial rate of 30%.
- From applicants with median incomes 99-119%, Fleet received 11 applications and denied 4, a denial rate of 36%.

- From applicants with median incomes >120%, Fleet received 24 applications and denied 4, a denial rate of 16.6%.

Despite Fleet's relatively small market penetration in the Wilmington and Dover MSA of the State of Delaware, Fleet's performance raises enough red flags. Fleet's application should be denied.

CONCLUSION

Fleet has a record of not serving the convenience and needs of its community after it acquires another financial institution. For example, after Fleet acquired NatWest, Fleet even took away its CRA officer for Delaware. Based on Fleet's record of ignoring the convenience and needs of the community, this merger should be denied.

The Federal Reserve Board is urged to conduct an on sight evaluation of Fleet's predatory lending abuses. Fleet's predatory lending abusive practices are indicative of Fleet's poor record of meeting the community's convenience and needs. Thus, the application must be denied.

ICP's analysis indicates that Fleet's mega pledge is, in fact, lower than each entity's performance individually thus far. We urge the Federal Reserve Board to not be awayed by this unenforceable pledge. Fleet's pledge is laughable in light of Fleet's prior record of abandoning the communities after each acquisition.

This proposed merger is anti-competitive. Public convenience and needs are not served through this merger. The Federal Reserve Board (FRB) should deny this application.

For the reasons set forth above, the FRB should deny this proposal.

Respectfully submitted,

Rashmi Rangan

Rashmi Rangan
Executive Director
De. CRA Council, Inc.

URBAN LEAGUE
OF EASTERN MASSACHUSETTS INC.

We put people to Work

Proposed Merger Fleet Financial Group, Inc. And Bank Boston Corp

Testimony presented by Dr. Joan Wallace-Benjamin,
President/CEO, Urban League of Eastern Massachusetts

July 7, 1999

Good Morning. My name is Joan Wallace-Benjamin. I am the president and CEO of the Urban League of Eastern Mass. The Urban League of Eastern Massachusetts is an 82 year old Civil Rights, direct service, and advocacy organization in the City of Boston. We are part of a large national organization of 114 Urban League affiliates across the country. On behalf of the Urban League and the communities we serve, I am here to express our concerns about the proposed merger and the accompanying bank branch divestiture. I am also here to speak to Fleet Boston's proposed "Community Investment Plan" as well as its likely negative impact, if care is not taken, on minority, low and moderate income people, small businesses, and community development programs.

Before I begin my comments, I would like to take a moment to thank you for granting me this opportunity to come before you on the matter of the proposed Fleet Financial Group, Inc./Bank Boston Corp. merger.

The proposed merger is a clear example that the "big are getting bigger". Currently, Fleet and Bank Boston are the number one and number two largest banks in New England. If they are allowed to merge, the newly combined Fleet Boston Bank will not only be the dominant lender in the New England region, it will be the eighth largest bank in the United States. In other words, Fleet Boston is about to become a Mega-Bank.

As we enter the new millennium, banks should be expanding access to

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credit/capital and affordable investment opportunities to minorities and women and in low and moderate-income communities. We are not asking Fleet Boston to do this alone. We are asking, however, as a leading lending institution, and increasingly powerful bank, that it do it's reasonable and fair share; this includes, at the very least, maintaining its pre-merger lending level. Such an institution would have a widely disseminated community investment strategy, with accountability features built in, that incorporates specific written standards to document and measure progress and success.

Under the circumstances, Fleet Boston's proposed community commitment and set aside of $14.6 billion, over five (5) years, for low-income borrowers, small businesses, and community development programs is woefully inadequate. No community investment plan with measurable and verifiable indices of progress and success has been disseminated for review and/or comment.

$14.6 billion sounds like a lot of money, however, a closer look clearly demonstrates that it is not so much. In fact, this amount is significantly less than Fleet and Bank Boston's pre-merger combined lending in the small business, affordable housing/mortgages to low and moderate income borrowers, and the community development investment categories. More specifically, the analysis of Fleet Boston's proposed commitments, regarding Fleet's and Bank Boston's current lending levels, by Inner City Press [the analysis was submitted by Inner City Press to the Federal Reserve Bank as part of it's June 7 protest], using Fleet's proposed methodology [reduced Fleet and Bank Boston's 1998 lending volume by 20% to take into account the divestiture Fleet has proposed] shows large shortfalls in the aforementioned Small Business, Affordable Housing/Mortgages to low and moderate income borrowers, and the community development lending/investment categories.

Fleet's Proposed $14.6 Billion CRA Pledge is Less Than What Fleet and Bank Boston Currently Do--even reduced by 20% for divestitures

5 Year Amount

Small Business Lending $7.5B

Affordable Housing/Mortgages to LMI Borrowers $4.0B

Community Development Lending/Investment $2.0B

Compare to Fleet's and Bank Boston's 1998 volumes, x 5 (for 5 yrs.) and x 0.8 (divest):

	Fleet	BKB	Total	X5	X0.8	Fleet Pledge	Short-Fall
Small Business Lending	1.5B	588MM	2.1B	10.5B	8.4B	7.5B	12%
Comm. Develop.	486MM	245MM	731MM	3.66B	2.92B	2B	46%
Afford-able Housing.	35.46B *	1.74B *	37.2B *	29.76 **	29.76B **	4.0B	Laughable

* Fleet's CRA memo gave these [Fleet's and Bank Boston's mortgage loan] figures to the feds. It did not, however, give a break down as to the % of those loans that were LMI. **$29.76 results from $37.2 x 5 x 0.8.

Rather than creating a lending shortfall, we believe that, at the very least, the overall volume of business currently done by the banks should also be maintained after the merger.

The banks do business in eight states. The Community Investment plan, as currently designed, is to be dispersed in those states. The fairness or the unfairness of the proposed set aside cannot adequately be judged because the banks have failed to provide sufficient or detailed information as to how they came up with this $14.6 billion figure or how it will be dispersed among or between the eight states in which it will operate. Simple mathematical averaging, however, demonstrates that $14.6 billion spread over six categories:

Small Business Lending $7.5B,
Affordable Housing/Mortgages to LMI Borrowers $4.0B,
Community Development Lending/Investment $2.0B,
Consumer Lending in LMI Areas $1.0B,
Equity Investments $100MM, and
Technical Assistance and Support $15MM,

divided by eight (8) over a five (5) year period won't go very far.

On the issue of the 250-bank branch divestiture, we are opposed to one or more large banks being allowed to purchase all of the divested bank branches. Fair competition and community service concerns demand that small to mid-sized community and minority banks should be allowed to purchase the divested branches. In fact, we strongly suggest that, as a minority owned and managed community bank in the City of Boston; the only bank that is a Community Development Financial Institution (CDFI) in New England, the Boston Bank of Commerce receive a sufficient base of branches to secure its position as a primary lender and major minority business.

No divestiture of a bank branch, in a low income or minority community, should be made to a bank that does not intend to keep the bank branches' doors open. People who live or work in these communities should not have to travel long distances or be forced to go in to unfamiliar or unwelcoming communities to meet banking needs.
It is a well-known fact that low income and minority communities are over run with

check cashing businesses. When bank branches close, people in these communities often have to use these check-cashing services. They are easy prey for the criminal element who know that no banking deposit privileges are available at these facilities and that the check cashing customers, therefore, have no recourse but to keep all of their cash on their person. No one should have to risk their safety to have access to their own money. We need banks that will aggressively market their products in low and moderate and minority communities. This reality is compounded by the fact that past and present patterns of discrimination have created an environment where members of these communities have not been well served. We need to ensure that women, low and moderate income and minority communities are not left, post-merger, with less access to fulfill individual and community specialized banking needs. We contend, therefore, that we need community and minority banks that will provide quality services and products, spur community wide economic and social development, while competing for fair market share.

In our view, in spite of the fact that Fleet/Bank Boston representatives have indicated their CEO's goal of having the new "big" divestiture buyer(s) pick up the 20% share of community investment obligations that Fleet Boston plans to relinquish, we want to ensure that this buyer(s) is obligated to meet CRA goals. However, we know that the Fleet Boston divestiture plan is not altruistic. It is being done to make the bank more profitable and increase shareholder and senior officer wealth. Therefore, as stated earlier, they must, as a combined entity, maintain the investment level each bank has currently achieved. Knowing that they will be successful, as their asset size grows, a proportionate share of those increases must be committed to the community into the future; and make achieving these goals a part of their CRA rating.

We employ you to carefully consider the concerns and recommendations that have been cited here before any Fleet Boston merger plans are approved.