

December 11, 2003

A. Linwood Gill, III
Assistant Vice President
Federal Reserve Bank of Richmond
701 East Byrd Street
Richmond, VA 23261-4528
Fax: 804-697-4021

RE: Bank of America's Acquisition of Fleet

Dear Mr. Gil:

Woodstock Institute, a 30-year old Chicago-based nonprofit that promotes community reinvestment and economic development in lower-income and minority areas around the U.S., respectfully requests that the Federal Reserve Bank of Richmond and the Federal Reserve Board hold multiple public hearings on Bank of America's acquisition of Fleet.

As the largest merger in the nation's history, this merger profoundly impacts the level of lending and investing in traditionally underserved communities. Bank of America and Fleet make tens of thousands of loans in most of the states in this country. Their market presence is not only large on the statewide level, they are also among the largest prime lenders in traditionally underserved communities. Therefore, the number of prime loans made in underserved communities could plummet if the new Bank of America concludes that its regulators are not expecting solid commitments to the bank's obligation to serve all communities in which it is chartered. The Federal Reserve's ruling on this mega-merger application will either promote product choice in underserved communities or further reduce prime lending and bolster high cost lending in these communities.

In this high-stakes merger proceeding, the only way that the Federal Reserve system can exercise rigorous oversight is by maximizing the public's input. A 30-day comment period is insufficient to generate input from the hundreds of communities impacted by this merger. In contrast, public hearings feature valuable exchanges and debate among bank officials and community leaders. Regulatory officials, therefore, gather additional information and insights into the impacts of the merger through public hearings that cannot be gleaned from comment letters alone. A full debate is absolutely imperative in determining how Bank of America and Fleet can fulfill their CRA and fair lending obligations.

The Federal Reserve's regulations at 12 CFR 262.3 indicate that the Federal Reserve Board will hold hearings when written comments cannot resolve facts that are in dispute. The facts in dispute in this case involve how Bank

of America pledges to improve its CRA and fair lending performance after the merger. Bank of America's merger application does not provide sufficient detail for community organizations to determine if the amount of loans, investments, and services made in minority and low- and moderate-

income communities will increase after the merger. Community organizations and the general public need to receive additional Bank of America material at public hearings and gauge Bank of America's response to follow-up questions from Federal Reserve staff in order to provide fully-informed responses regarding Bank of America's post-merger plans. In a merger of this unprecedented size, it is absolutely imperative that the public can meaningfully respond and comment on a bank's plans to make CRA-related loans, investments, and services.

The National Community Reinvestment Coalition, of which I am a Board member, recently had a meeting with Chairman Greenspan regarding this merger. The Chairman was open to hearings and indicated that the Federal Reserve would consider holding hearings. Please extend the comment period and hold multiple public hearings in all regions of the country so that community leaders, elected officials, and citizens can participate in this critical merger proceeding. In addition, please consider the following comments that show that Bank of America is currently performing quite poorly in serving the Chicago market, even though Chicago is included in the bank's CRA assessment area.

According to the most recent data available from the Federal Deposit Insurance Corporation, Bank of America has four branches in the Chicago area, all in Cook County. Three of them have opened since June 2003. Three are located in downtown Chicago and one is in Winnetka; all are in upper-income census tracts. They have proposed to build dozens more, and the Institute hopes that the bank follows through on its commitment to increase its presence in low and moderate-income (LMI) areas where there is currently a dearth of bank branches. Many banks in Illinois have focused branch expansion efforts on middle and upper-income (MUI) communities, leaving needy communities behind. The attached Reinvestment Alert shows that the Chicago area exhibits a skewed pattern of bank branching, where LMI and minority areas are seriously underserved.

Moreover, Bank of America has performed very poorly in serving LMI and minority borrowers in Illinois with mortgage loans. In fact, the bank has gotten worse over the last two years. The Institute is very concerned about this pattern replicating itself here and in other areas of the country as the bank plans to expand into one of the largest in the nation.

Woodstock Institute uses a market share ratio approach to describe an institution's lending patterns. If a bank is making an equal effort in lending

to the African-American and white markets in a given geographic area (or to the LMI vs. MUI markets), the market share ratio (MSR) would be 1.0. The attached tables show that Bank of America is making roughly half (or in some cases a third) the effort in providing home purchase and refinance loans to African-American and Latino borrowers as it is in providing such loans to white borrowers in Illinois. The bank is not doing much better in serving the LMI market. It is very disturbing to note that Bank of America's lending patterns actually worsened between 2001 and 2002, the most recent year for which data are available. As it stands, the Institute does not feel that this level of performance is a good sign of responsiveness to community needs, and we are very concerned about the implications of this merger on families' access to affordable financial services.

Thank you for your attention to this comment letter, and please let me know if you have any questions or require further information.

Sincerely,
Malcolm Bush
President