

**PUBLIC MEETING REGARDING J.P. MORGAN CHASE AND  
BANK ONE CORPORATION  
FRIDAY, APRIL 23, 2004  
CHICAGO, ILLINOIS**

**TESTIMONY OF  
MARVA E. WILLIAMS, SENIOR VICE PRESIDENT  
WOODSTOCK INSTITUTE**

Good morning. My name is Marva Williams and I am the senior vice president of Woodstock Institute located here in Chicago. Woodstock Institute is a 30 year old nonprofit dedicated to increasing the financial and economic resources available to lower-income, minority, and other underserved communities. The Institute also convenes the Chicago CRA Coalition, a collection of some 70 community organizations whose goal is to increase community reinvestment activity in the Chicago six-county metropolitan region. The Institute is also a member of the National Community Reinvestment Coalition, the Coalition for Community Development Financial Institutions, the Illinois Coalition against Predatory Lending, and the Monsignor John Egan Campaign for Payday Loan Reform.

Chicago has a long history of CRA activism and was the birth place of the movement, spearheaded by Gail Cincotta, that led to the Home Mortgage Disclosure Act in 1975 and CRA itself in 1977. In 1983, the first reinvestment agreements in the country were signed here with the Northern Trust Bank, Harris Bank, and First Bank of Chicago. Since then there have been regular agreements, among others, with First Chicago and its successor banks, including a path-breaking agreement in 1998 on the occasion of the merger between First Chicago-NBD and Bank One.

On hearing the news of the proposed Bank One-JP Morgan Chase merger, the Chicago CRA Coalition approached both banks to renew the agreement made in 1998 which would have expired at the end of this year. Both banks agreed to discuss their future CRA activity for the purpose of reaching agreed upon goals for the region at a public meeting attended by over 100 people on February 18th here in Chicago.

The Banks and the CRA Coalition have now signed off on a Memorandum of Understanding (MOU) about CRA Goals for the Six-County Region for 2004-2009. In contrast to national pledges which are often not quantifiable or tailored to meet the local needs of lower-income consumers, the MOU establishes concrete goals for the merged banks' CRA performance for home loans, small business loans, increased community development lending including multi-family loans, 12 new LMI bank branches in 2004, and increased community development grants and investments. The bank will also provide details of any bulk purchases of mortgage loans for the purpose of improving its CRA performance so that the Coalition can subtract those numbers when considering the bank's mortgage performance. Since the lending goals are based on market share ratios and since the Chicago market is increasingly competitive, the goals also include the bank aspiring to be one of the top five overall mortgage lenders in the Chicago market. The goals contain other details including an increased downpayment assistance program, a strong REO workout unit, and the continuation of SBA loans including the Community Express Program.

The Chicago CRA Coalition considers that the targets set in the MOU are strong and sound and that they will lead to significantly more lending, bank services, investments and grants in the region over the years covered by the MOU. We did not agree on everything and we will continue to discuss with the Bank its involvement in payday lending, refund anticipation loans, and the way in which the Bank performs due diligence on warehouse and trustee loans.

While we are pleased with the goals set out in the MOU, we regret that the Bank did not enter into similar discussions with community stakeholders in other key Bank One and JPMC markets. In our view, such local, specific goals increase CRA activity, a view supported by a recent study by the Joint Center for Housing Studies at Harvard University.

Let me add that we regret that the Federal Reserve Board and other bank regulators do not consider bank performance in relation to CRA agreements in CRA examinations. It is interesting that the regulatory agencies often complain about the dearth of community input during CRA examinations. Yet the regulators will not consider agreements based on considerable community input that very much reflects local conditions and needs.

The Chicago CRA Coalition very much welcomes the CRA goals set out in the MOU that were agreed to after detailed discussions with the two banks. However, the Coalition neither supports nor opposes the merger. Large bank holding companies are very complex organizations and are involved with a multiplicity of activities that impact lower-income communities. We note, for example, the \$375 million dollar fine levied on Bank of America by the SEC for timing in mutual fund operations after the bank's merger with Fleet Boston, a merger that many community groups supported. The Chicago CRA Coalition cannot possibly examine all of the activities of the largest banks and therefore cannot comment on the merger application as a whole.

Thank you for this opportunity to testify.