

Document 0474

[20474002]

The decision reflects the Fed 's tougher stance on enforcing the Community Reinvestment Act , a federal law passed in 1977 to help low-income residents obtain loans .

[20474003]

In recent years , unions and community groups have won big commitments from banks to make low-interest loans in certain neighborhoods by threatening to hold up proposed acquisitions with protests to the Fed about reinvestment act compliance .

[20474004]

Few petitions , however , have actually delayed or scuttled mergers .

[20474006]

During the summer , Legal Services Corp. , a Florida legal aid group , filed a petition with the Fed on behalf of residents in four Florida counties .

[20474007]

The petition challenged First Union 's lending record in the state , saying that the bank-holding company had " shut itself off from contact with the low-income community and is redlining almost every black neighborhood that it serves in the state . "

[20474009]

The Fed said the Comptroller of the Currency is expected to begin a Community Reinvestment Act examination of First Union 's Florida and North Carolina banking units in the next two weeks .

[20474010]

First Union , with assets of about \$ 32 billion , said it was disappointed by the delay but said it would cooperate with regulatory authorities .

[20474011]

The bank added that it believes the review will " demonstrate that First Union is in compliance with the requirements of the Community Reinvestment Act . "

[20474012]

The company has already missed its initial Oct. 1 target date for completing the merger .

[20474013]

