

FAIR LENDING LETTER TO DEALERS

To assist you in minimizing regulatory problems related to auto dealer lending, *Regulatory Risk Monitor* has obtained this letter from a Maine bank that you can use as a prototype. Compliance officer Lane Brown, vice president, compliance, Peoples Heritage Financial Group, says it has served the bank well as evidence of its compliance effort.

MEMORANDUM

PEOPLES HERITAGE FINANCIAL GROUP

TO: All Dealers
FROM: Executive Vice President
RE: Fair Lending DATE:

Pursuant to Peoples Heritage Financial Groups (hereinafter the "Company") Fair Lending Policy Statement; to federal and state fair lending laws; and to the fact that fair lending is basic to good business practices, the Company would like to take this opportunity to remind you of its stated commitment to fair lending in all credit transactions including its automobile financing operations. At the same time, the Company reminds you of your fair lending responsibilities under federal and state law.

The federal Equal Credit Opportunity Act and its implementing Federal Reserve Regulation B prohibit discrimination in any aspect of a credit transaction based on the prohibited bases which include, without limitation, race, color, national origin, religion, gender, age, or marital status; the fact that any or all of the applicant's income is derived from any public assistance program; or the fact that the applicant has exercised any rights under the federal Consumer Credit Protection Act or applicable state law.

As you know, in the dealership agreements by and among you and the Company's subsidiary banks (Peoples Heritage Bank in Maine; Bank of New Hampshire in New Hampshire, and Family Bank in Massachusetts), you make representations and warranties to the banks that each contract sold to them represents a credit transaction which is in compliance with all applicable laws. These laws include the fair lending laws which disallow discrimination based on the aforementioned prohibited bases. It is important to remember that discrimination may include not only the decision to reject an application on a prohibited basis but can also occur in granted credit transactions which demonstrate the inconsistent application of fees, rates and charges based on a prohibited basis.

Because the banks may not approve every application forwarded to them, please be reminded that fair lending laws apply to all applications received by you; not only those which are approved by the subsidiary banks.

We are certain that you share the Company's commitment to the spirit as well as the letter of the fair lending laws. To ensure that you and the banks consistently fulfill this commitment, the Company, on the banks' behalf, requests that you periodically review the fair lending requirements and prohibitions with your sales and finance personnel. This will assure that you are maintaining the highest level of compliance with these laws and that your contractual responsibilities are being maintained.

If you have any questions, please call _____ at _____. The Company and its banks thank you for your business and wish you a prosperous new year.