

October 1, 2002

Mr. Tyson Odekirk
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Dear Mr. Odekirk:

Woodstock Institute appreciates having the opportunity to comment on the upcoming CRA exam of Banco Popular NA. According to the FDIC's Institution Directory, Banco Popular has 22 branches in Illinois in the counties of Cook and DuPage and in the City of Aurora. Banco Popular has deposits of over \$1.25 billion in Illinois, which makes it the 23rd largest bank by deposits in the state. Illinois deposits account for roughly 30% of the institution's total deposits. The Institute has analyzed the bank's mortgage and small business lending in its Illinois assessment area for 2001. This analysis has uncovered a few concerns with the bank's CRA activity.

Banco Popular's distribution and level of small business, multifamily and home improvement loans is adequate in relation to low and moderate-income borrowers in Illinois. The bank has also been successful in reaching African-American and Latino borrowers who are interested in these loan products. However, Woodstock is seriously concerned about Banco's invisibility in the home purchase and refinance lending markets. An analysis of Banco Popular's HMDA data shows the Bank made 2 home purchase loans and only 1 refinance loan in its Illinois assessment area in 2001. The Bank's nonexistent presence in these markets is even more concerning considering Banco's past involvement in such lending. In 2000, the Bank made 25 refinance loans and 42 home purchase loans in its Illinois assessment area. Although these numbers are still small, they highlight a recent abandonment of the mortgage lending market by Banco Popular in Illinois.

A bank of this size should be actively participating in the mortgage market, rather than ignoring its lending responsibilities in a major sector of its CRA assessment area. Further, the Institute has heard anecdotal evidence that Banco Popular has been eliminating its loan officers in the Chicago area. As

we struggle with the scourge of predatory lending in the Chicago region, it is vital that prime lenders are active in providing fairly priced loans to consumers. Banco Popular even has a “best price guarantee” on the mortgage services area of its website. But these loans are not being provided in the Chicago area.

In addition, Banco Popular’s most basic checking account is relatively more expensive and contains more restrictions than accounts offered by other banks in the area. The Bank’s limitations on ATM services, number of checks per month, and funds availability are more restrictive than its peer institutions. A nonsufficient funds fee of \$30 and other fees could pose barriers for low-income people looking to open retail accounts. The Institute is also concerned about information that it has received that local community groups have had difficulty contacting Banco Popular to discuss community reinvestment issues of mutual interest.

Thank you for the opportunity to comment on this exam. Please contact me if you have any questions.

Sincerely,
Katy Jacob
Research, Communications and Development Associate