

March 17, 2000

Attn: Mr. Paul Ginger
Office of the Comptroller of the Currency
One Financial Place, Suite 2700
440 South LaSalle Street
Chicago, IL 60605-1073

Dear Mr. Ginger:

The Chicago CRA Coalition is comprised of dozens of community organizations in the Chicago area and is dedicated to improving community reinvestment and economic development in lower-income and minority neighborhoods. We, the Steering Committee of the Coalition, are very concerned with the state of the recent community reinvestment activities of Corus Bank and would like to take this opportunity to outline our concerns with this institution.

We understand that Corus Bank received a Satisfactory rating during its last CRA exam. For the following reasons, we think that this bank has in no way performed its CRA obligations satisfactorily. We have broken up our comments into concerns with each portion of the exam: Lending, Investments, and Services. Please take these points into consideration during the bank's present exam.

Lending

We understand that the bank does very little single family lending. However, during the period of this exam, Corus purchased \$87 million in loans from a bankrupt predatory lender called Cityscape (please see enclosed information on Cityscape, including two lawsuits against the company and a Daily News article). Banks should get penalized for buying predatory paper regardless of origination area. Assessment areas are not the appropriate geographic scales for such market transactions, which are typically pulled from across the country.

In addition, the bulk of the bank's small business loans are to currency exchanges and, since many currency exchanges now offer payday loans, payday lenders. We also know, through UCC filings, that Corus has financed payday lenders. This lending, which often proves disastrous for moderate-income people and communities, should not be counted towards

CRA performance (please see enclosed Woodstock Institute alert on payday loans). In fact, loans to payday lenders, or to currency exchanges with payday licenses, should be given significant negative weight in the evaluation.

Finally, Corus counts what appear to be market-rate loans, mostly to nursing homes and hospitals, as community development loans. We have no knowledge of any particular gap in unmet need for the financing of nursing homes. Corus shows no complexity or innovation in its community development lending and should therefore get minimal credit for it.

Investments

The bank fares very poorly in this area. While the bank's community development grants have gone up somewhat since the last exam, they are still extremely low in comparison to other banks with similar deposits and assets. Moreover, Corus offers NO complex or innovative investments, which is very rare for a bank of their size.

Finally, the bulk of Corus' activities are purchases of three mortgage-backed securities. This is very low-risk and basic investing that the bank might very well do in absence of CRA, and therefore the bank should receive very little credit for it. Also, these loans need to be examined for predatory practices. The lenders involved should be identified and examined to discern their reputations and the loans should be sampled for pricing, fees and terms.

Services

The bank should not get CRA credit for its "secure direct deposit" program, especially in absence of substantial education/alternatives regarding regular accounts at Corus or other banks. The bank's system basically encourages 60,000 low-income government check recipients to avoid using a bank. It appears that Corus is extracting profits via currency exchange fees from the low-income population without providing a sounder alternative of account usage. Basic checking and savings accounts at Corus carry high fees and minimum balances and are not very suitable for low-income populations.

In conclusion, the Chicago CRA Coalition feels that Corus Bank is not an adequate performer in low and moderate-income communities. We urge you to give the bank a rating of Substantial Noncompliance or Needs to Improve. Thank you for the opportunity to provide these comments, and please call Dan Immergluck if you have any questions or require further input.

Sincerely,

Dan Immergluck, Woodstock Institute (Convenor, Chicago CRA Coalition)
David Marzahl, Center for Law and Human Services
Yvette Newton, Community and Economic Development Association of Cook County (CEDA)
Joyce Probst, Chicago Rehab Network
Dory Rand, National Center on Poverty Law
Kaushik Shah, Greater North Pulaski Development Corporation
Ted Wysocki, Chicago Association of Neighborhood Development Organizations (CANDO)