

August 11, 1998

Ms. Irene Catanese
Household Bank, FSB
700 N. WoodDale Road, Building 3b
WoodDale, IL 60191

Dear Ms. Catanese:

Thank you for providing the Woodstock Institute with an opportunity to comment on Household Bank FSB's CRA Strategic Plan.

We shared the plan with members of the Steering Committee of the Chicago CRA Coalition, a group of community development organizations working to increase community reinvestment in the Chicago area. The Coalition, including the Woodstock Institute, the Chicago Association of Neighborhood Development Organizations, the Chicago Rehab Network, and many other neighborhood and community development organizations, has the following comments on the plan:

1) There is no distinction between community development lending and investments, nor is there any discussion of terms of the investments or loans (e.g., whether any will be below market equity equivalents). Conceivably, all of these dollars could be accounted for by a single loan commitment at near-market rates. The Coalition would like the bank to: 1) break out CD lending vs. investments; and 2) commit to at least \$250,000 per year in below-market equity-equivalent investments (we can provide model investment agreements that have been used by other institutions if necessary) in CDFIs (out of the \$700-800/year in investments and CD loans).

2) The grant levels appear low, with an average CD grant budget of less than \$150,000/year. Based on our experience with other financial institutions, we recommend that this level be increased substantially, to a level of at least \$250,000-300,000 annually.

3) There are few details on community development service and related issues. The bank should consider supporting efforts that address small business technical assistance needs as well as credit counseling and credit repair activities. The Coalition would like to see such activities incorporated in the plan.

Thank you again for soliciting the input of the Woodstock Institute on your revised Strategic Plan. We would appreciate a copy of any revised Plan that you provide to the Office of Thrift Supervision. Please feel free to call me with any questions.

Sincerely,

Dan Immergluck
Vice-President

cc: Chicago CRA Coalition Steering Committee