



Community advocates protest outside of Brickyard Bank in Lincolnwood, Illinois.

Credit Union Service Debate Intensifies

The February 2002 release of Woodstock's report *Rhetoric and Reality: An Analysis of Mainstream Credit Unions' Service to Low-Income People* has helped to alter the debate over credit union service in the United States.

Prior to this study, mainstream credit unions claimed exemplary service to lower-income families. Woodstock's report changed that rhetoric in the sense that now many credit unions are saying they are unable to service such families, despite highly liberalized field of membership rules and the fact that credit unions are mandated to serve persons of modest means.

The Institute's President has recently spoken on this topic at the National Federation of Community Development Credit Unions conference, the National Community Reinvestment Coalition annual conference, and with members of the National Credit Union Administration.

While Woodstock's evidence refutes the notion that mainstream credit unions in the aggregate are adequately serving people of modest means, the Institute welcomes data and information that provide exceptions to this trend. In particular Woodstock is actively seeking out mainstream credit unions with good service records to low-income people to uncover their strategies and practices.

For more information, contact Katy Jacob at 312-427-8070.

National Collaboration Ends Bank-Payday Lender Partnership

Woodstock Institute and its colleagues in several states have just won a major victory to stop payday loans—predatory con-

sumer loans with interest rates often exceeding 500%. Brickyard Bank (Lincolnwood, IL) President David Keller announced in September that the bank will stop making payday loans by the end of 2002. The Institute has been working with the Monsignor John Egan Campaign for Payday Loan Reform in Chicago, the Community Reinvestment Association of North Carolina (CRA*NC), and the Cincinnati Coalition of Neighborhoods to protest Brickyard Bank's partnership with Check 'n Go, a notorious national payday lender. The protests included concurrent demonstrations this spring at Brickyard Bank in Lincolnwood, IL.

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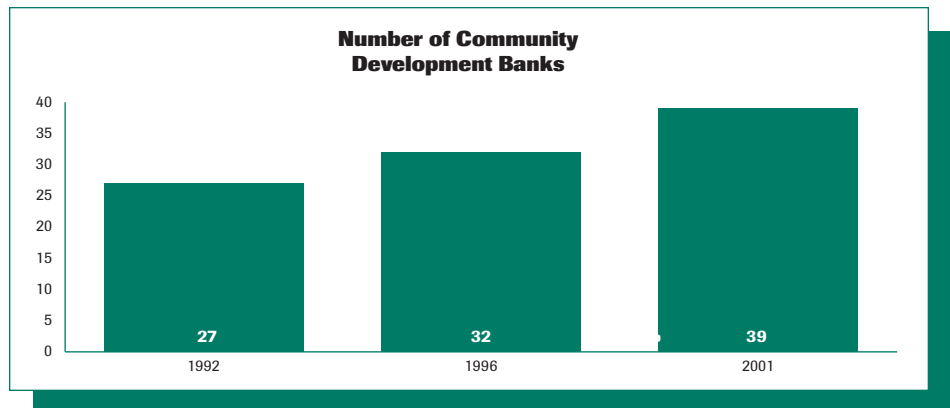
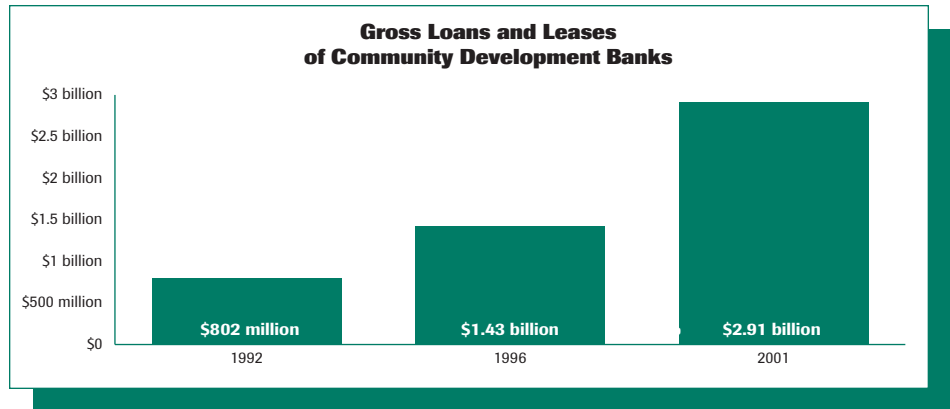
Doing Well While Doing Good—Community Development Banks Thrive

The Institute's recently released *Reinvestment Alert #18: Doing Well While Doing Good* documents the growth of the community development banking industry from 1992 to 2001.

Community development banks are comprehensive financial institutions serving economically distressed communities. While regulated in the same way as traditional financial institutions, a community development bank goes beyond the traditional bank's mission of providing credit and financial services—its primary mission is to positively impact community development and spur renewal in a targeted community.

Using data obtained from the Federal Deposit Insurance Corporation, the Alert shows that on many measures of financial performance, community development banks do as well or better as peer institutions. This is despite the fact that their mission dictates that they work in economically deprived neighborhoods and take on customers that may incur higher costs.

For more information, contact Malcolm Bush at (312) 427-8070.



Highlights

Evaluating Your Financial Literacy Program Made Easy

Woodstock recently released *Evaluating Your Financial Literacy Program: A Practical Guide*. This easy-to-use guide is targeted to a wide range of financial literacy providers that would like to know how effective their programs are but don't have a format with which to evaluate them. The report includes sections that demonstrate participants' financial knowledge as well as sections that focus on general feedback and suggestions for the future. As financial literacy programs grow in number and magnitude, this guide should help organizations discover what works best for their clients. It is available at www.woodstockinst.org.

Illinois Regulators Not Enforcing Predatory Lending Rules

Recently, on the one-year anniversary of the passage of Illinois' predatory lending regulation, Woodstock and its colleagues issued a memo that analyzed the Office of Banks and Real Estate's and the Department of Financial Institutions' enforcement efforts. The memo, which received significant press coverage, stated that despite the passage of time and increasing evidence of continuing bad practice, the regulators had found no violations of the regulations.

The regulators were not aggressively

examining the largest subprime lenders; did not have an appropriate fine structure to discipline violators; and were not releasing public information on examination schedules and results. Shortly after the memo's release, Woodstock and other groups met with the regulators and discovered that they had finally fined a violating lender, whose name they would not release.

Woodstock and its allies will continue to work with regulators to improve enforcement of the state predatory lending regulation.

State Farm Bank Practices Critiqued

Recently the Office of Thrift Supervision (OTS) began the CRA examination of State Farm Bank, a thrift created by one of the largest insurance companies in the U.S. before financial modernization laws were passed in 1999.

Woodstock asked the OTS to downgrade the bank's CRA rating and significantly expand its CRA assessment area. State Farm Bank, which operates in 48 states and has assets of \$3 billion, operates under an assessment area limited to Bloomington-Normal, IL. Bank business is conducted by insurance agents in their offices or over the

phone or Internet.

An Institute analysis of the Bank's recent mortgage lending shows very low levels of lending to African-Americans in a multi-state region and extremely low levels of lending to low- and moderate-income people in the bank's own limited assessment area. These facts raise major fair lending concerns and are disturbing in light of the Bank's poor performance in communities suffering from predatory lending. Woodstock has frequently petitioned the regulatory agencies to update their definition of CRA assessment areas in light of contemporary banking practices.

MAF Bancorp Investigated for Fair Lending Violations

In August 2001, the Institute protested MAF Bancorp's (parent company of MidAmerica Bank) proposed acquisition of Midtown Bancorp in Chicago because of MAF Bancorp's poor performance in lending to minorities and for its discriminatory CRA assessment area. In August 2002, the Bank announced that the U.S. Department of Justice was investigating it for fair lending violations, as suggested by Woodstock in correspondence to the Office of Thrift Supervision last year. In

2001, MidAmerica Bank was the third largest home lender in the Chicago region and the ninth largest Illinois-based bank by asset size. The Bank's oddly-defined assessment area was in direct violation of the CRA regulation and excluded most low-income and minority communities. The Bank conducted 40% of its lending outside of its assessment area and made only a fraction of the effort in lending to African-Americans and Latinos that it did in lending to whites.

National Collaboration

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Wood, a Check 'n Go store in Durham, NC, and at Check 'n Go's headquarters in Cincinnati, OH. The groups also criticized the bank's funding of the payday lender in the Bank's Community Reinvestment Act evaluation this summer.

Payday lenders like Check 'n Go partner with banks in other states to thwart state regulations including state usury laws. Brickyard's partnership with Check 'n Go allowed the payday lender to circumvent North Carolina's ban on payday lending. In a related development, in July Check 'n Go's parent com-

pany, the Cincinnati Bancgroup, Inc., announced its intention to buy the Bank of Kenney, a tiny \$5 million bank located in central Illinois. Bank regulators received over 70 letters from Woodstock and other groups protesting the acquisition.

Prior to these actions against Brickyard, the Institute and its colleagues researched the problem of payday lending in Illinois and proposed model regulation to end the problem. Regulations containing parts of Woodstock's proposal were promulgated in August 2001. The Institute is now working to promote more effective implementation of the regulation and to get rid of loopholes in the rules.

For more information, contact Marva Williams at 312 427-8070.

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Attend the Largest CRA Networking Opportunity in the Country!

Join community advocates, financial institutions, government officials and others at the nation's largest conference for those interested in community reinvestment! The National Community Reinvestment Coalition, an association of over 800 groups working on CRA issues, is hosting its annual conference on March 12-15, 2003 at the Hyatt Regency Hotel on Capitol Hill in Washington, DC. This is a great networking opportunity and an excellent way to find out what folks all over the country are doing to promote access to credit and capital in their communities. For more information, contact Larry Broadwell at NCRC at 202-628-8866.



From left: Aneel Chablani, Kelly Mizeur and Brian White.

CRA Coalition Welcomes Steering Committee Members

On behalf of the Chicago CRA Coalition, Woodstock would like to extend a warm welcome to the newest members of the Coalition's Steering Committee. Aneel Chablani, Senior Attorney with the Homeownership Preservation Project of the Legal Assistance Foundation of Chicago, leads the Coalition's Housing Task Force.

Kelly Mizeur, Business Finance Specialist with the Women's Business Development Center, is active in the Investment and Economic Development Task Forces. Brian White, Director for Community Relations of the Leadership Council for Metropolitan Open Communities, is involved in the Housing task force. Welcome Aneel, Kelly and Brian!

Visit Woodstock's Virtual Home

Browse the internet and you'll find lots of community development resources. Browsers can login to <http://www.woodstockinst.org> to find out more about the Institute's activities, staff, and publications. There is also a page of useful links to other community development organizations, federal banking regulators, and sources of HMDA and other data. The site also features a form to request information.

Address Correction Requested

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