



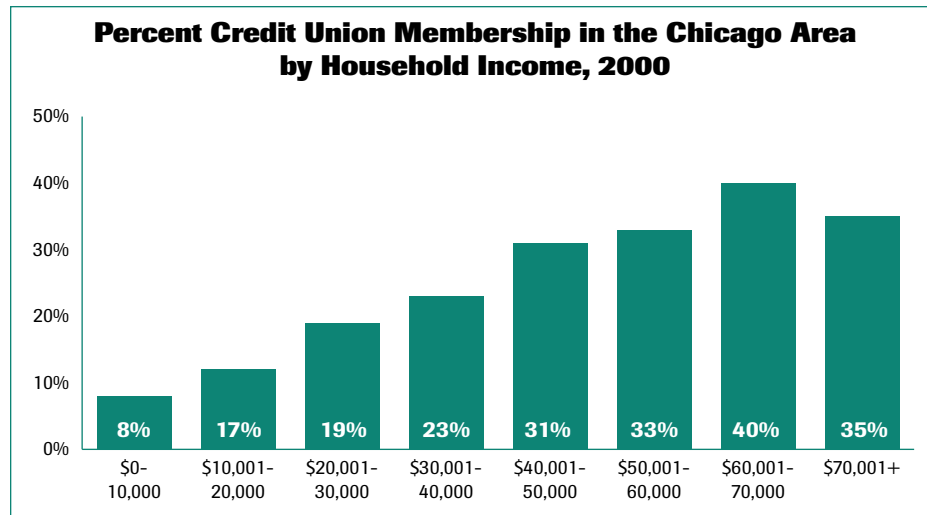
## Institute Finds Regular Credit Unions Not Serving Low-Income People

Woodstock Institute recently released a first-of-its kind empirical study of how well credit unions serve low-income people. *Rhetoric and Reality: An Analysis of Mainstream Credit Unions' Record of Serving Low-Income People* refutes the credit union movement's claim that it meets the savings and credit needs of "persons of modest means." The report analyzes data from surveys of roughly 3,000 respondents in the Chicago six-county metropolitan area. Credit unions provide important benefits to members. This report questions the extent to which these benefits are available to lower-income consumers and challenges the credit union movement to step up to the task of serving lower-income populations.

Major findings in this report include:

- Credit unions in the six-county Chicago region serve much lower percentages of lower-income households than they do middle- and upper-income households.
- Both banks and credit unions are much less likely to serve lower-income households with basic banking

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## Investments Help Low-Income Credit Unions Hit Their Stride

A new Institute report, *Critical Capital: How Secondary Capital Investments Help Low-Income Credit Unions Hit Their Stride*, documents an investment product for low-income credit unions (LICUs). LICUs, which serve low-income people, tend to be smaller and experience greater challenges maintaining adequate capitalization than mainstream credit unions or banks. In response, in 1996 the National Credit Union Administration (NCUA) approved a regulation that allows LICUs to increase their capital by accepting secondary capital investments.

Secondary capital investments improve the capital ratio of LICUs and promote institutional growth, lending and stability. The investments increase the capacity of LICUs to meet the financial service needs of lower-income and un-

derstood individuals and communities. The first secondary capital investment was made in 1997. By 2000, there were 25 LICUs with such investments.

*Critical Capital* assesses how these investments impact key financial ratios of LICUs. Four LICUs with secondary capital investments in place for at least three years are profiled. Alternatives Federal Credit Union, Episcopal Community Federal Credit Union, Near Eastside Community Federal Credit union, and Saguache County Credit Union represent some of the best practices of the secondary capital investment program. The report concludes with a discussion of the benefits and challenges of secondary capital investments and key policy recommendations.

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

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## Highlights

### Expanded Fact Book Released

The 17th edition of Woodstock Institute's *Community Lending Fact Book* was released in April.

It provides Chicago area residential lending data for 2000 that can be used by neighborhood residents, community organizations, policymakers, and lenders to monitor reinvestment activity in their communities and throughout the region. New in the *2000 Fact Book* is the inclusion of lending data for suburban Chicago in addition to the city's 77 community areas. The suburbs are broken into regions comprised of DuPage, Kane, Lake, McHenry and Will Counties in their entirety and five sub-regions of suburban Cook County: North, Northwest, West, Southwest, and South Cook.

Finally, the Institute is excited to report that updated Fact Book summary information on lending in the City of Chicago and the surrounding region is now, for the first time, available on the web! For more information please see [www.woodstockinst.org/data.html](http://www.woodstockinst.org/data.html). Interested parties can simply point and click on their community areas to view lending data.



Members of the Chicago CRA Coalition met with U.S. Rep. Danny Davis (D-Ill.) during the National Community Reinvestment Coalition conference in Washington, D.C. in March. Pictured are (from left): Debra Houghtaling, Chicago Community Loan Fund; Daisy Lee, National Center on Poverty Law; Geoff Smith, Woodstock Institute; Rep. Davis; and Marva Williams, Woodstock Institute.

## Woodstock Salutes Community Leaders

On April 11, the Institute hosted its seventeenth annual Community Reinvestment Reception, where it presented awards to First Bank of the Americas and the Southwest Organizing Project.

First Bank of the Americas opened in 1998. It focuses on Chicago's Latino market and has established itself as an expert in reaching out to lower-income, unbanked, and underbanked consumers. The Southwest Organizing Project (SWOP) is a broad-based coalition of religious groups, schools, and other institutions on Chicago's southwest side. SWOP was a key

advocate in the passage of the 2001 Illinois predatory lending regulations.

Woodstock also presented awards to Ted Wysocki and Joyce Probst for their commitment to community reinvestment in Chicago and beyond.

Ted and Joyce served for many years on the Chicago CRA Coalition's Steering Committee and Task Forces as representatives of the Chicago Association of Neighborhood Development Organizations and the Chicago Rehab Network, respectively. Congratulations, everyone!

### Credit Unions

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services than other income groups.

- Belonging to a labor union almost doubles the odds of belonging to a credit union.
- The larger an employee's firm, the greater that person's chance of being a credit union member.

The report incorporates policy recommendations for the credit union movement, including:

- Congress should amend the Federal Credit Union Act to insert language that more clearly states credit unions' mission and responsibility to serve low-income people. That amendment should include mandato-

ry, publicly available data disclosure about whom credit unions serve by income and race.

- The National Credit Union Administration should conduct regular examinations of credit unions for compliance with the mandate to serve low-income people and impose appropriate incentives and sanctions.
- The Community Reinvestment Act should be amended to include credit unions.

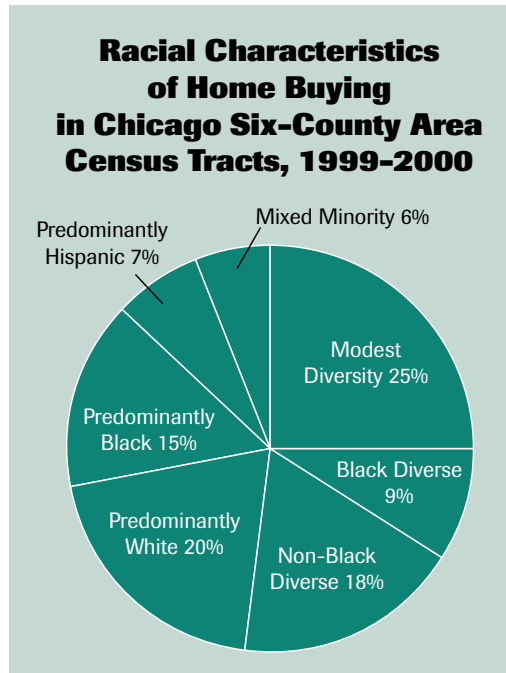
The Institute concludes that mainstream credit unions with high percentages of low-income people in their membership should encourage other credit unions to follow their example by disclosing data on their membership and publicizing their record.

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

# Stable, Diverse Communities Elusive in Chicago

Part II of Woodstock's *Who's Buying Where* series examines the extent to which neighborhoods in the Chicago metropolitan area achieved and maintained levels of income and racial diversity in home buying during the 1990s. The report finds that, in the region, the portion of buyers who were low- and moderate-income (LMI) increased significantly, leading to increasing income diversity in many suburbs. In the city, income diversity was less prevalent. There were significant concentrations of tracts where buyers were either predominantly upper-income or LMI in Chicago. There were few stable, income-diverse tracts in the region.

Additionally, the proportion of buyers who were nonwhite increased significantly from 1993 to 2000—Hispanics and Asians accounted for most of this increase. All six counties contained at least some areas of modestly diverse home buying. Hispanic and Asian home buyers drove most of this diversity. Some city and suburban neighborhoods exhibited racial diversity and significant levels of African-American home buying. In the city's North and Northwest sides, home buying became significantly more white, while the Southwest side experienced considerable in-



creases in minority home buying. Even more than in the case of income diversity, most racially diverse tracts are not stable, meaning they are not likely to stay racially diverse.

For more information call Geoff Smith at 312-427-8070.

## Chicago Banks Agree to Improve Service

After a series of recent negotiations, the Institute and the Chicago CRA Coalition updated the goals of its 1999 CRA agreement with Charter One Bank, including:

- A goal to make market share levels for home purchase lending to low and moderate-income people commensurate with levels for middle and upper income people in 2002.
- An agreement to increase market share of

home purchase lending to African-Americans over the next few years vis-a-vis market share of lending to whites.

Moreover, in response to concerns raised by the Institute, National City Bank has agreed to amend its CRA assessment area to include all of Cook County. Woodstock had formally commented on the Bank's exclusion of low-income tracts, including much of the City of Chicago, from its assessment area.

## CDFI Fund Slashed by Bush Administration

The Institute and its colleagues around the nation are advocating for an increase in the dismal budget for the CDFI Fund. The \$68 million allocation in President Bush's proposed FY 2003 budget is less than FY 2002

levels and \$50 million less than FY 2001 levels. The Fund has leveraged billions of dollars of private investment into low-wealth urban and rural communities. Woodstock supports a FY 2003 allotment of \$125 million for the Fund.

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## Woodstock Welcomes Two New Board Members

The Institute is happy to welcome two new Board members.

Gloria Guerrero is the President and CEO of Rural Development and Finance Corporation in San Antonio, TX. She has over 19 years experience working on housing, business finance and community development issues. Ed Jacob, Manager of the Northside Community Federal Credit Union in Chicago, has extensive experience in community reinvestment and development. Formally a CRA officer at Bank One in Chicago, Ed has also worked at several community-based organizations in the city.

Welcome to Gloria and Ed!

# Staff Matters

Woodstock Institute expresses deep gratitude to Dan Immergluck for his exemplary service to the Institute over the last nine years.

After serving as Vice President of Woodstock from 1993-1996 and as Senior Vice President from 1996-present, Dan will soon be a faculty member of the School of Public and Nonprofit Administration at Grand Valley State University in Grand Rapids, MI. While at the Institute, Dan authored more than 25 publications, led Woodstock in numerous CRA negotiations, and successfully fought the good fight on countless vital legislative and regulatory fronts. His work at the Institute focused on CRA policy, fair housing and fair lending issues, economic development patterns and policy, and development finance. Dan hopes to stay active in reinvestment and economic justice work and will stay on as a consultant to the Institute.

Having someone of Dan's immense professional caliber was complemented by the pleasure of working with such an enjoyable person. The Institute wishes Dan and his family all the best in their new endeavors. Thanks for a great nine years, Dan!



*Lilly, Dan and Kate Immergluck*

### 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.

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