

WOODSTOCK INSTITUTE 2005 ACCOMPLISHMENTS

Developed Community Partnerships with Mainstream Credit Unions

The *Building Community Assets* project is the result of Woodstock's ongoing work around the reinvestment obligation of the credit union industry. Woodstock Institute is working to expand lower-income membership in credit unions and increase credit union lending in lower-income communities through the Building Community Assets partnership program.

Because of their tax exempt status, credit unions are uniquely poised to offer low cost financial products and services. In addition, the credit union movement was founded on the provision of services to "people of modest means." Recent Woodstock Institute's research has shown that the mainstream credit union industry has embraced this motto reluctantly and ineffectively. Likewise, many community organizations are seeking a conduit for affordable loans and transaction accounts, but do not have the resources or technical expertise to found a new credit union.

To help community organizations and credit unions make these strategic partnerships Woodstock Institute's staff provides technical assistance to several sites and assists in selecting a credit union and negotiating the terms of the partnership.

Fresno West Coalition for Economic Development

The Fresno West Coalition for Economic Development (FWCED), a community development organization serving the Fresno California community has worked with Woodstock Institute to partner with the Fresno Community Federal Credit Union. Because of the credit union's field of membership requirements, the two parties worked with Woodstock Institute and the National Credit Union Administration (NCUA) to develop an associational field of membership. Once potential clients are eligible to join the Fresno West Association, they are eligible for membership in FCFCU. The association is open to any low-income household in Fresno, although FWCED plans to do outreach only in Fresno West. FWCED recently reported that the credit union has accepted over 70 new members as a result of this partnership, and is expecting this number to dramatically increase when the associational field of membership is formally announced.

Woodstock Institute worked extensively with FCFCU's board and the NCUA to approve this final plan. In addition, Woodstock Institute provided technical assistance to FWCED on several of the programmatic and regulatory issues in this partnership. Woodstock's staff assisted FWCED in identifying and approaching Fresno County Federal Credit Union and suggested the adoption of an associational field of membership as a way of making the FWCED constituency eligible for credit union membership. Woodstock's staff also facilitated negotiations between FWCED and worked to ensure support for the program at the management level. Woodstock's staff has taken a major role in developing and drafting the bylaws of the Fresno West Association, as well as securing federal approval of the associational field of membership.

Hartford Individual Development Account Collaborative

Woodstock Institute is currently working with The Hartford Individual Development Account Collaborative (HIDAC) to identify the best opportunities for partnering with a mainstream credit union and provided research on possible credit union partners in the Hartford area. Woodstock is focusing on

ways a credit union could assist HIDAC in expanding its tax preparation operations. Woodstock's staff is currently facilitating the development of a full partnership proposal, determining the needs of the organization to present during future negotiations, and facilitated preliminary discussions by HIDAC and the state credit union league.

Spokane Neighborhood Action Project

Spokane Neighborhood Action Project (SNAP) has partnered with two local credit unions and has been successful in enrolling new lower-income members. Numerica Credit Union, which currently holds about two-thirds of accounts initiated by SNAP, has a community field of membership serving the Spokane area. The second credit union, Washington State Employees Credit Union (WSECU), has a field of membership limited to city, county, state, higher education or public school employees, and relatives of current members.

Woodstock Institute provided technical assistance at nearly every step of this partnership process. Woodstock's staff assisted the staff of SNAP in drafting the original proposal to expand the credit union partnership and facilitated several meetings to begin developing strategy for the expansion. The Institute provided detailed recommendations on financial factors affected by the partnership, including risk-mitigation, marketing and outreach, product development, and operations. During the product development phase, Woodstock's staff also offered SNAP several referrals to other organizations that provide low cost services to underserved communities to determine product offerings and marketing strategy.

Community Action Project of Tulsa County

The Community Action Project of Tulsa County (CAP) has begun partnering with Tulsa Federal Employees FCU, allowing the organization to offer tax preparation services at one of its branches. Woodstock is facilitating a planning process to help the organization identify goals and expand the relationship to include: extended hours and space for tax preparation services, providing credit union products at the tax preparation site, and promoting tax assistance volunteer opportunities for credit union employees. In addition, CAP would like the credit union to expand its marketing, outreach, and financial literacy training to Hispanic consumers.

Woodstock Institute has already facilitated several meetings between Community Action Project of Tulsa County and Tulsa Federal Employees FCU. These meetings resulted in a commitment from CAP to train several credit union employees in tax preparation. The Credit Union has also committed to waiving their minimum account balance requirements so that consumers can open an account to direct deposit their tax refund. Tulsa Federal Employees FCU has committed to tracking the account usage and tenure of the customers acquired through the partnership and CAP will, in turn, provide credit counseling for consumers who have incurred excessive account fees.

Logan Square Neighborhood Association, Chicago

Woodstock Institute and the Chicago-based Logan Square Neighborhood Association (LSNA) planned and held three credit union membership enrollment drives at three different elementary schools in a predominately Hispanic Logan Square community. In total, these three interactive enrollment drives attracted over 100 participants. The enrollment drives also helped Woodstock Institute identify and assess the financial services needs of the diverse Logan Square community. Participants, particularly those with little previous experience with financial institutions, used this opportunity to ask questions regarding mortgages for first time homeowners, starting a small business, and how immigration issues affect access to financial services.

With technical assistance from Woodstock Institute, LSNA and Credit Union 1 are currently pursuing two additional strategies to help their mutual constituents build assets. First, LSNA is seeking funding from the Internal Revenue Service to establish a Volunteer Tax Assistance site. With Credit Union 1 offering unbanked clients a low cost checking account for direct deposit, these clients can receive their refunds quickly and receive tax assistance at a much lower cost than through paid commercial tax preparers. Second, Woodstock and LSNA staff members are working to develop an educational component that would offer information on avoiding predatory home mortgages.

Resurrection Project, Chicago

The second technical assistance site is the Resurrection Project, a community-based organization serving several of Chicago's predominately Hispanic communities. The Resurrection Project was formed in 1990 by a coalition of parishioners from six Catholic parishes, as an institution-based neighborhood organization. With a mission to create healthy communities through education, organizing, and community development, the organization is heavily involved in affordable housing development and management, as well as financial literacy education. The organization is also made up of nearly a dozen church parishes in their service area and is in regular contact with their constituents, giving this organization the interest and capacity to undertake this type of partnership.

Woodstock Institute has met with senior staff at the Resurrection Project on numerous occasions and is working with them to develop an action plan for establishing a credit union partnership.

Developed Blog Forum to Facilitate Community Organization and Credit Union Partnerships

Woodstock Institute developed a new weblog (or "blog") communication tool to facilitate information sharing and mutual problem solving among community organizations seeking to partner with mainstream credit unions.

The blog offers the opportunity for organizations to share partnership experiences or propose new partnerships as well as for credit unions to share their community mission and promote innovative practices for attracting lower-income members.

Content is updated periodically and has included discussions on payday loan alternatives, financial literacy, and applying the Community Reinvestment Act to mainstream credit unions. Users can review articles anonymously or register with Woodstock Institute to post comments or request technical assistance.

The blog has received thousands of visits since its inception in early April and is continuing to build its list of registered readers. In addition, the blog received favorable press in *Credit Union Times*.

The *Building Community Assets* blog is located at www.woodstockinst.org/blog

Worked to Preserve Comprehensive CRA Examination for Smaller Banks

Woodstock Institute played a major role encouraging federal regulators to maintain a strong and effective Community Reinvestment Act throughout the 2002-2005 regulatory review process. During this process, federal banking regulators carried out an extensive review of the regulations implementing the Community Reinvestment. Regulators were under considerable pressure from financial institutions to weaken the implementation of the act by reducing the number of institutions subject to extensive CRA review, as well as weaken the review process itself. Woodstock Institute played a major role in preserving nearly all of the current regulatory components and ensuring a strong CRA.

After several years of discussion, federal banking regulators proposed several changes to the regulation of CRA in the Spring of 2004. First, the community development investments and financial services tests was made optional for the nation's largest thrifts and savings and loans. Second, smaller institutions, now classified as "intermediate small banks," are now only subject to a watered down, two part CRA examination consisting of the small bank lending test and a new community development test. This community development test would evaluate an institution's level of community development lending, services, and investments in the context of community needs and the institution's capacity and opportunity for community development activity.

Intense pressure from the banking industry resulted in several federal regulators proposing a substantial weakening of the act, and endangering the flow of affordable financial products and services in many lower-income, minority, and rural communities. Woodstock Institute organized a local and national campaign to preserve comprehensive CRA examinations for smaller banks. Woodstock's staff also testified in favor of the current regulations at a City Council committee hearing and helped pass a resolution opposing any new changes.

Woodstock Institute coordinated the opposition efforts of local community economic development organizations to persuade federal regulators to continue requiring full disclosure of small business lending. While this effort was ultimately unsuccessful, the effort raised the profile of how community organizations use small business data and what data is necessary for a complete analysis.

Conduct a Major Analysis of Credit Card Terms and Conditions for Major Banks and Credit Unions

In June 2005, Woodstock Institute released a report describing the fees, rates, and terms of the largest credit card providers in the U.S. titled *Blindfolded Into Debt: A Comparison of Credit Card Costs and Conditions at Banks and Credit Unions*. The report documents the highly confusing terms and conditions now used in the credit card industry. It suggests that the deceptive effect of these complexities massively raises the cost of using credit cards and contributes to rising levels of consumer debt.

The report also shows that credit cards issued by credit unions have similar purchase interest rates but come with fewer fees, lower fees, lower default rates, and conditions that are much clearer. The details of the credit union card show how credit card lending can be done sustainably without exorbitant penalties and misleading terms and conditions.

Key findings of the survey include:

Credit cards issued by banks often have three separate rates: one rate for purchases, a higher rate for cash advances, and a lower rate for balance transfers. Furthermore, providers may offer an introductory rate, but it may apply to only one of these rates. Even so called convenience checks that come with the monthly statement and are checks drawn on the credit card may have different rates with the first several convenience checks charging a different rate than the others in the set. For borrowers who have missed a payment, most credit cards reserve the right to readjust the rate to the default rate, often as high as 30 percent.

APRs in credit card solicitations are not fixed. Many banks advertise a range of purchase rates a consumer may be charged and the rate is only fixed after the customer has responded to the solicitation.

Banks solicit customers indiscriminately. Banks sent five billion mail solicitations to Americans last year, extending credit to those who can't afford it or do not need it. Credit unions, on the other hand, only market to their clearly-defined field of membership.

Nine out of ten bank issuers in the survey include “universal default” in their terms. This grants the issuer the right to increase a consumer’s interest rate when they are late or delinquent with an entirely different creditor or utility provider. Usually, the rate increases to the default rate; among the ten banks in the survey, this rate averaged 25.4 percent. It becomes very difficult for consumers to pay off their balances at rates this high. No credit unions in the survey implement a universal default scheme.

Following the release of this report, several major credit card banks announced that they would eliminate the universal default provisions in their card agreements. In addition, Congress continues to consider a complete ban on universal default.

Researched Payday Lending Consumer Protections and Developed Metrics for Evaluating Payday Lending Regulation

Woodstock Institute developed a widely circulated factsheet entitled *Payday Lending Reform - How Will Illinois Stack Up?* Developed for use with the Monsignor John Egan Campaign for Payday Loan Reform, the factsheet compares the consumer protections provided by the payday loan enabling legislation in each state.

Based on this comparison, the key provisions in House Bill 1100, creating the Illinois Payday Loan Reform Act, would offer consumers the strongest consumer protections in the country while allowing payday lenders to offer a sound and profitable product.

States were ranked by the following consumer protections:

- 1) A fee cap to reduce the cost of borrowing from a payday lender
- 2) A loan amount based on the borrower’s ability to repay the loan within a reasonable time frame
- 3) A recovery period to help borrowers break the cycle of back-to-back loans
- 4) A repayment plan to help borrowers pay off their loan over time if they become overextended, and
- 5) A consumer reporting service to ensure that borrowers and lenders abide by the provisions of the act

Woodstock’s analysis determined that under the Illinois Payday Loan Reform Act, Illinois is the only state in the country with all five key consumer protections.

The factsheet was widely circulated among community development professionals, media, and policymakers and is currently available on the Woodstock Institute’s website.

Helped Pass Sweeping Reforms of the Illinois Payday Loan Industry

Woodstock Institute also celebrated the passage of the Illinois Payday Loan Reform Act in June of 2005. This act, the culmination of over five years of intense research and negotiation offers Illinois payday loan borrowers some of the most comprehensive reforms in the country.

The act contains all five consumer protections recommended by Woodstock Institute including: a fee cap to reduce the cost of borrowing from a payday lender, a loan amount based on the borrower’s ability to repay the loan within a reasonable time frame, a recovery period to help borrowers break the cycle of back-to-back loans,

a repayment plan to help borrowers pay off their loan over time if they become overextended, and a consumer reporting service to ensure that borrowers and lenders abide by the provisions of the act.

After several months of study and the negotiation of a payday loan reform bill with the national payday loan industry, Woodstock Institute engaged in several public education strategies. Woodstock Institute participated in several informational sessions with Illinois policy makers to discuss the problems with payday loans and possible reforms.

Several press conferences were held where legislative leaders, consumer and community organizations, and a representative of the national payday loan industry spoke about the need and benefits of the reforms. Woodstock Institute prepared a briefing notebook on the issue, which includes a summary of the bill, a table that demonstrates that it is favorable to laws in other states, examples of payday loan alternative products, and Woodstock's payday loan research reports.

Woodstock Institute's staff participated in meetings with the Attorney General's office, the Division of Financial Institutions, and Governor Blagojevich's office. Staff also met with several legislators and submitted testimony to the Illinois House subcommittee considering the bill.

Evaluate Community Development Credit Union Payday Loan Programs

Woodstock Institute continued working with six community development credit unions (CDCUs) as part of a program of the National Federation of CDCUs to evaluate affordable alternative payday loans. The evaluation will provide data on the use of payday loan alternatives in addition to documenting loan program characteristics. The research findings will be used to help foster the establishment of additional payday loan alternatives and document the importance of these products. Data collection was conducted for loans made up to June 2005 and December 2005. Additional data will be collected in June 2006.

As part of this research project, Woodstock Institute developed a payday loan alternative program evaluation instrument in cooperation with financial institution professionals. The comprehensive evaluation instrument includes a description of the loan product as well as its program impact based on several criteria and was successfully field tested by several local credit unions.

The Institute is a longtime documenter of payday loan alternatives and regularly collects and summarizes the characteristics of loan products. The new evaluation instrument is designed to examine the terms and conditions of the loan product, the institutional characteristics, and the measures taken to reduce the risk of default, such as credit scoring, direct deposit, and income documentation.

The instrument also looks at administration characteristics that are specific to credit unions, such as a high level of interaction with the borrower, marketing and outreach efforts, and a culture of savings and financial literacy training.

Woodstock Institute will measure the results of this project in terms of the number of loans originated and paid in full, the number of borrowers served, the purpose of the loan, the level of costs incurred by the credit union, and the rate of defaults and delinquencies.

The results of this evaluation process will offer new insight on the provision of affordable short-term credit products to lower-income people.

Researched Chicago Metropolitan Bank Branching Trends

In February 2005, the Institute released *Reinvestment Alert 27 - Increase in Bank Branches Shortchanges Lower-Income and Minority Communities: An Analysis of Recent Growth in Chicago Area Bank Branching*. The report found that despite the recent expansion of area bank branch networks, many lower-income and minority communities remain underserved.

The report found that many lower-income and minority communities have concentrated household incomes able to support new bank branches but have seen either slow growth or a loss of local branches. Throughout the Chicago region, lower-income and minority zip codes have fewer bank branches per capita, yet have higher levels of aggregate household income per bank office than the regional average.

Other major findings include:

- 1) Zip codes greater than 80 percent minority had 1.11 offices per 10,000 people and an aggregate income per bank branch of over \$124 million compared to six-county averages of 2.78 per 10,000 people and \$89 million aggregate household income per branch.
- 2) Full service bank branches in the Chicago six-county area increased by nearly 23 percent between 2002 and 2004. Upper-income areas experienced a 27 percent increase in full service branches over this time, while lower-income areas saw a modest 16 percent increase.
- 3) The region's largest banks had 14.5 percent of their full service bank branches in lower-income zip codes compared to the 16.2 percent regional average. These same banks had only 16.2 percent of their full service bank branches in minority zip codes compared to the 18.6 percent regional average.
- 4) *Reinvestment Alert 27* received coverage in a major *American Banker* article discussing the branching trends in the Chicago region.

After the release of this study, two major banks in the Chicago region have committed to expanding their branch network into several communities in Chicago's south suburbs that currently lack any access to a traditional bank branch. This report has also been adopted as the official measure of an underserved zip code for the purpose of many of the bank branch incentives operated by the Office of the Illinois State Treasurer.

Collected and Analyzed New Mortgage Pricing Data

For the first time in 2004, banks and mortgage lenders are now required to publicly disclose the interest rates on many of their higher cost loans. This information allowed Woodstock Institute to greatly refine its method for examining both the distribution and volume of subprime lending in lower-income and minority communities.

Using this new data, Woodstock Institute released *Reinvestment Alert 28: New Mortgage Pricing Data Sheds Light on Subprime Market* in April 2005. The report analyzes 2004 HMDA mortgage lending data and confirms that high cost subprime lending tends to be concentrated in minority communities and to African-American and Hispanic borrowers. *Reinvestment Alert 28* is based on new 2004 HMDA data which includes pricing information for subprime loans.

Key findings of the report include:

- African-American and Hispanic borrowers were more likely to receive subprime loans regardless of income. In the Chicago region, less than 15 percent of conventional mortgages were subprime. However, over 36 percent of African-American borrowers received subprime loans and more than 20 percent of Hispanic borrowers received subprime loans.
- Middle- and upper-income African-American and Hispanic borrowers were more likely to receive subprime loans than whites of all income levels. Upper-income African-American borrowers were nearly four times more likely to receive a subprime loan than upper-income white borrowers, and upper-income Hispanics were over twice as likely to get a subprime loan as upper-income whites.
- Subprime loans are concentrated in minority census tracts. Nearly 31 percent of the Chicago area's subprime loans were in census tracts with populations 80 percent or greater minority. Conversely, only 10 percent of the area's prime loans were in these tracts. Over 46 percent of the area's subprime loans were in census tracts 50 percent or greater minority, while only 23 percent of the area's prime loans were in these tracts.

The report was circulated among Woodstock Institute's network of community development partner organizations, foundations and the media. Much of the data from *Reinvestment Alert 28* was included in a *Chicago Tribune* story on pricing discrimination.

Woodstock Institute's analysis of mortgage pricing is an ongoing activity and much of the data disclosed under the new Home Mortgage Disclosure Act will be included in the 2004 Community Lending Fact Book.

Convened the Chicago CRA Coalition and Monitored Two Historic CRA Agreements

During 2005, the Institute convened and staffed the Chicago CRA Coalition, one of the largest and most actively economic justice coalitions in the country.

JP Morgan Chase - The Coalition met several times with the senior community reinvestment staff of JP Morgan Chase to monitor the historic 2004 Memorandum of Understanding of Community (MOU) Reinvestment Goals. The MOU set strong and quantifiable goals for community development lending, access to financial services, and investments in community development projects.

As of June 2005, the Bank has complied with all provisions of the MOU and continues to examine the feasibility of a payday loan alternative product based on input from the coalition.

Charter One - The Coalition also met with Charter One as stipulated by the 2002 CRA Agreement. The Coalition worked with the bank to analyze mortgage lending, services, and investments data and ensure access to financial products and services across the bank's Chicago region footprint.

Staffed Chicago CRA Coalition Task Forces

Financial Services Task Force - The Task Force continued its goal of ensuring access to affordable financial services including tax preparation, low-cost transaction accounts, and asset creation tools. During 2005, the task force examined the impact of high-cost tax preparation services and refund anticipation loans. To better understand how the coalition could promote affordable savings accounts for tax refund recipients, the coalition

met with government officials in charge of administering a tax preparation program and a nonprofit which runs the tax assistance sites.

Economic Development Task Force - The Economic Development Task Force is currently developing a series of seminars for Chicago's economic development nonprofits. The seminars are designed to help nonprofits reframe their proposals from a needs assessment to ways that potential investors can build on neighborhood strengths. The first seminar was held in November 2005.

Grants and Investments Task Force - The Grants and Investments Task Force met with two banks to discuss their CRA-qualified investments and grants to community-based organizations. The task force provided community input based on the needs of their constituents and worked with bank CRA officers to ensure that community reinvestment opportunities were not being overlooked.

Housing Task Force - The members of the Housing Task Force have met with several local and national banks to discuss recent analyses of mortgage pricing data.

Improved Functionality and Content of Woodstock Institute's Website

In the Fall of 2005, Woodstock Institute unveiled a dramatic new web presence, highlighting the organization's publications' library, data analysis, press coverage, upcoming events, and public policy activity.

Improving content availability, functionality, and site navigation was a top priority and the new website achieves all of these goals. Highlights of the site include:

Woodstock's Newsroom:

Site visitors now have timely access to all of Woodstock Institute's press releases, recent press coverage and quotes, media contact information, staff biographies, publication-ready photography, and organization accomplishments.

Events Calendar:

Woodstock Institute and Chicago CRA Coalition activities are now available in a convenient calendar format, with descriptions of upcoming events, locations, background information, and RSVP information. Visitors can also review past Woodstock events in the calendar archives.

Submitting Public Comments:

Visitors will be able to quickly and easily submit comment letters to policymakers deciding key community reinvestment issues. Woodstock Institute's online form letters will make taking action as simple as sending an email.

New laws and regulations are often passed or changed with little fanfare, and in many cases, access to fair financial products and services suffers as a result. The Institute works to keep communities in Chicago and across the country informed about critical banking issues and helps concerned citizens and organizations be heard.

Get Woodstock Updates:

Information about Woodstock Institute's recent activities, publications, or action alerts can now be received through Woodstock Updates electronic mailing list. Registration is simple and users have complete control over their subscription. For visitors who would rather not receive emails, this information is easily accessible online.

Document Management Capabilities:

Browsing publications is now handled by Woodstock Institute document management system. Research publications, reports, fact sheets, presentations, comment letters and expert testimony are now available for download and have fully searchable descriptions for quick reference. Over 40 previously out-of-print publications have been digitized and are available for download for the first time.

Learn About Woodstock Institute:

The website provides a wealth of information for visitors interested in learning about Woodstock Institute's history, mission, program areas, and future activities.

Increasing access to current and previously released publications, as well as clearly representing the mission and activities of Woodstock Institute was a primary goal in this redesign. However, the new website was also designed to allow Woodstock's staff to quickly and easily develop new content on an ongoing basis.

Developed a Basic Guide to Local, Regional, and National Economic Indicators

In April, Woodstock Institute developed a new website section hosting its *Guide to Economic Indicators*. The *Guide* is an online reference to key facts and metrics critical to community development.

The reference guide contains hundreds of facts on consumer assets, spending patterns, international remittances, retirement savings, pensions, Social Security, the community development financial institutions industry, credit card debt, payday lending, predatory mortgage lending, and the Community Reinvestment Act.

For example, the *Guide* provides figures and citations showing that:

- Savings rates in the U.S. are very low compared to other advanced economies and are steadily decreasing. In 1980, the savings rate was 10 percent; in 1990, it was 8 percent; and in 2000, the savings rate was 0 percent.
- More than 20 percent of workers cash out their tax-deferred retirement accounts when changing jobs, thus incurring large tax penalties.
- Between 1993 and 2000, the credit card industry more than tripled the amount of credit it offered to consumers, from \$777 billion to almost \$3 trillion.
- The *Guide* is an ongoing project and will be periodically updated as necessary.

Researched the Supply of Credit and Capital in the Appalachian Region

Woodstock Institute began conducting a longitudinal study of the access to credit and capital provided by Community Development Financial Institutions (CDFIs) in the Appalachian region of the Eastern United States. Using information collected from the CDFI Data Project, the type and range of services will be evaluated according to market impact, lending, and sources of funding.

The project seeks to determine what types of CDFIs are active in the Appalachian region, what types of activities those CDFIs are funding, what markets are CDFIs serving, what are the specific outputs of the regional CDFI industry, and how do these figures compare to the national CDFI industry.

Woodstock Institute will use information from the CDFI Data Project (CDP) to assess the types and range of services offered by CDFIs throughout the region. The CDP is an annual survey of 450 participating CDFIs from across the country. It includes 158 data points on the markets, lending, impacts, and sources of funding for community development loan funds, community development venture capital funds, community development credit unions, and community development banks.

Community development financial institutions (CDFIs); federal, state, and local government sponsored revolving loan funds (RLFs); and SBA programs are critical to helping meet the credit needs of small businesses in underserved markets. In addition to a variety of debt and equity products, these nonbank institutions often provide technical assistance to entrepreneurs in the early stages of businesses development.

Comment Letters

Testimony of Marva Williams to the Office of Thrift Supervision on the Thrift Application of H&R Block (October 05, 2005).

Marva Williams, Woodstock Institute's Senior Vice President, provided written and oral testimony requesting conditional approval of the H&R Block application to become a de novo thrift regulated by the OTS. Woodstock Institute took the position that the charter approval should only be granted if H&R Block makes a commitment to affirmatively address the lending patterns of H&R Block's subprime affiliate, Option One, commit to reducing the impact of refund anticipation loans on recipients of the Earned Income Tax Credit, and several other issues.

Comment Letter on the Proposed 2004 Acquisition of MBNA Corporation by Bank of America (August 26, 2005).

Woodstock Institute requested an extended public comment period and exhaustive review of the deposits held by Bank of America and MBNA Corporation on the grounds that the proposed merger would violate the 10 percent limit on domestic deposits under the Reigle-Neil Act. Woodstock also requested a thorough review of the deceptive effect of credit card rate structures, fees, terms, and conditions offered by both financial institutions.

Comment Letter on the Revised Federal Reserve Board CRA Proposal Affecting Intermediate Small Banks (May 06, 2005).

Woodstock Institute submitted comments on the revised CRA proposal offered by the Federal Reserve Board for the regulation of intermediate small banks. Woodstock Institute stated that the proposal was an improvement over the one previously issued by the FDIC and a vast improvement over changes the OTS has made to its CRA regulation which eliminated several key provisions. The letter also addressed the elimination of the requirement

to disclose small business data, the regulation of bank branching, and the implementation of a new community development test proposed as a replacement for the separate investments and financial services test under the current regulation.

Comments on Federal Reserve Advance Notice of Proposed Rulemaking Regarding Credit Card Terms and Conditions (March 24, 2005).

The Institute submitted a comment letter to the Federal Reserve Board on the advance notice of proposed rulemaking (ANPR) on the open-end credit rules of Regulation Z. The letter stated that some of the policies examined in the ANPR – such as increasing interest rates and credit limits on short notice to those in debt—are particularly destructive. Woodstock suggested several changes to the regulation that would end unreasonable fees, deceptive payment allocation, cut-off times, and universal default.

Testimony to the Illinois House Payday Loans Subcommittee in Support of H.B. 1100 (March 08, 2005).

Woodstock’s staff provided oral and written testimony supporting the passage of the Illinois Payday Loan Reform Act. The Institute strongly supported the five key consumer protections included in the bill as a necessary component of any payday lending reform legislation.

Comment Letter Opposing the Proposed OTS Regulation Weakening CRA for Large Thrifts (January 20, 2005).

Woodstock Institute submitted a comment letter opposing the Office of Thrift Supervision’s proposed changes (No. 2004-53) to their regulation of the Community Reinvestment Act. The proposal would change the way that a “large” institution’s CRA rating is assigned. The new regulation would allow the largest thrifts to opt-out of the grants and investments test and the financial services test, as well as broaden the definition of “community development” to include activities that do not directly benefit low- and moderate-income households and communities.

Technical Assistance

Technical Assistance in Chicago and the Surrounding Metropolitan Area

Applied Research Center -- Provided model public policies for payday loan reform, remittances, predatory mortgage lending, and racial equity.

Asset Builders of America, Inc. -- Discussed strategies to increase access to affordable financial products and services to lower-income households.

Austin Weekly News -- Assisted staff of the Chicago-based Austin Weekly News in developing metrics to assess the cost of borrowing a short term loan under the proposed Payday Loan Reform Act.

Balanced Development Coalition -- Provided staff with information and data on regional housing patterns and an overview of regional housing policy as part of an inclusionary zoning project.

Business and Professional People for the Public Interest -- Provided assistance acquiring and analyzing property characteristics data for researching homebuying trends.

Chicago Tonight, WTTW Chicago -- Provided interview on payday lending reform efforts in Illinois and background on the predatory nature of payday lending.

Chicago Tribune -- Provided background information for mortgage pricing discrimination investigations and an analysis of the distribution of subprime lending in the Chicago region.

Daily Herald -- Provided information on the Memorandum of Understanding of Community Reinvestment Goals between the Chicago CRA Coalition and JP Morgan Chase.

DePaul University -- Presented the history of the payday loan reform movement in Illinois to students and of a business ethics.

Interfaith Housing of the Northern Suburbs -- Led discussion on alternatives to high cost, predatory payday lending during a financial literacy training session.

Jewish Council on Urban Affairs -- Provided background information on linked deposit programs to facilitate community reinvestment.

Logan Square Neighborhood Association -- Prepared a HMDA analysis documenting neighborhood lending patterns and helped develop strategic partnership between LSNA and Credit Union 1, a mainstream credit union seeking to increase its lower-income membership.

Medill School of Journalism, Northwestern University -- Provided a detailed timeline of regulatory changes to the Community Reinvestment Act.

Monsignor John Egan Campaign for Payday Lending Reform -- Provided research and advocacy support around the issue of payday lending reform. Identified necessary payday loan database variables to assist in the enforcement of Illinois payday loan regulations.

S&L Financial -- Provided technical assistance in collecting, analyzing, and interpreting Home Mortgage Disclosure Act data.

Shorebank Corporation -- Provided assistance in locating and analyzing Home Mortgage Disclosure Act data for mortgage lending and investment projects in the Chicago and New York City metropolitan regions.

Southside Community Federal Credit Union -- Provided information on the impact of the Illinois Payday Loan Reform Act on community development credit unions.

Office of Alderman Manuel “Manny” Flores (1st Ward) -- Provided background research for the creation of a disincentive for bank-funded payday lending operations. Testified in a Chicago City Council committee hearing in favor of a resolution opposing changes in the regulation of the Community Reinvestment Act.

Office of Congressman Bobby Rush -- Provided background information and reference material on lending trends, predatory lending, and payday lending.

Office of the Illinois Governor, Rod Blagojevich -- Located and briefed a payday loan customer for a press conference highlighting the passage of the Illinois Payday Loan Reform Act. Provided background information regarding employer assisted financial services.

Office of the Illinois Lieutenant Governor, Patrick Quinn -- Provided background information and reference materials on the proposed changes to the regulation of the Community Reinvestment Act. Prepared policy analysis of the proposed “Yellow Ribbon” affordable payday loan alternative for military families.

Office of Senator Tom Carper -- Provided information in the history of the Community Reinvestment Act and policy recommendations for ensuring the continuing availability of capital and credit in lower-income communities.

Rock Island Argus -- Met with the editorial review board of the Rock Island *Argus* serving the Quad-Cities area of Illinois to discuss five key consumer protections of the proposed Payday Loan Reform Act.

Senator Tom Carpenter, Senate Banking Committee of the Illinois General Assembly -- Organized meeting between Senator Carpenter and the Chicago CRA Coalition to discuss the importance of preserving the lending, investments and services requirements of the Community Reinvestment Act.

Senator Jacqueline Collins, Senate Banking Committee of the Illinois General Assembly -- prepared policy analysis on S.B. 2092 which offers regulatory incentives to financial institutions headquartered in Illinois. Assembled briefing materials on payday lending in Illinois including research, press, and recent testimony on H.B. 1100.

WBEZ Chicago Public Radio -- provided background information and reference material on personal debt trends.

National Technical Assistance

Alliance of American Data Destruction Companies – Discussed the applicability of CRA credit for bank investments to companies that employ lower-income workers.

Belleville News-Democrat – Provided reporter with background information on the volume and geographical distribution of foreclosures in the Chicago region.

Board of Governors of the Federal Reserve System – Provided information on the importance of small business lending data disclosure for all financial institutions regardless of asset size.

Boston Globe – Provided background information on the analysis of Home Mortgage Disclosure Act data and the interpretation of results.

Denver Post – Provided background information on the issue of payday lending, the distribution of payday lending operations, and a profile of payday loan borrowers.

Department of Trade and Industry, UK – Discussed evaluation methods for evaluating a new small business loan project.

El Futuro Credit Union – Provided information on forming a credit union partnership with a community organization to increase access to financial products and services for lower-income households.

Federal Reserve Bank of Cleveland – Provided information on the impact of alternative financial services on the unbanked for upcoming article.

Federal Reserve Bank of Dallas – Provided assistance with identifying a speaker for a regional conference who could address policy issues around minority venture capital investment funds and the direction of the micro-lending field.

Healthcare Associates Credit Union – Provided cost and feasibility information regarding the establishment of an affordable alternative to payday loans for credit union members.

Jackson State University – Presented research and industry statistics on Community Development Credit Unions and asset development programs to Jackson State University graduate college.

National Economic Development and Law Center – Provided technical assistance on a research project on mainstream credit unions. Woodstock’s staff identified relevant literature, industry leaders, survey methodology, and sampling methods.

Our Lady of the Lake University – Provided information on forming a credit union partnership with a mainstream credit union to increase access to financial products and services for lower-income households.

Wall Street Journal – Provided background information on home mortgage pricing and foreclosures.

World Savings Bank – Provided information on the regulatory issues of internet-based payday lending.

Conference Presentations and Workshops

January

“CRA 101.” Latin American Chamber of Commerce. Chicago, IL.

February

“Testimony in Favor of H.B. 1100, Creating the Payday Loan Reform Act.” Illinois General Assembly. House Financial Institutions Sub-Committee on Payday Loans. Springfield, IL.

“Current challenges to the Community Reinvestment Act.” Annual Meeting of the Community Development Financial Association. Washington, DC.

March

“The U.S. Community Reinvestment Experience in an International Perspective.” National Community Reinvestment Coalition.” Washington, DC.

“Testimony in Favor of H.B. 1100, Creating the Payday Loan Reform Act.” Illinois General Assembly. House Financial Institutions Committee. Springfield, IL.

“Improving Fair Housing Choice: Enforcement and Monitoring.” *Municipal Fair Housing Planning and Action*. U.S. Department of Housing and Urban Development. Chicago, IL.

April

“Changes in the Regulation of the Community Reinvestment Act.” *Community and Economic Development Roundtable Forum*. Federal Reserve Bank of Chicago. Chicago, IL.

“New Markets, New Products, New Tools.” *Promises and Pitfalls: Federal Reserve System Community Affairs Research Conference*. Board of Governors of the Federal Reserve System. Washington, DC.

“Payday Lending Regulation at the State Level” National Federation of Community Development Credit Unions’ Conference. St. Louis, MO.

“Regular Credit Unions’ Record of Serving Low-Income People.” John F. Kennedy School of Government, Harvard University, and Boston Federal Reserve Bank Conference on Serving the Underserved. Boston, MA.

May

“Building Assets and Reducing the Community Development Impacts of High Cost Debt in the United States.” Assets Capitalization Bureau. Royal Thai Government. Chicago, IL.

“Developing and Promoting Alternatives to High-Cost Payday Lending.” Fifth Third Financial Literacy Event as Part of Money Smart Week. Evanston, IL.

June

“Key Trends in Federal Policy for Low-Income People.” Chicago Community Loan Fund Board. Chicago, IL.

“The Community Reinvestment Act and Community Development.” DePaul University. Chicago, IL.

August

“The (Surprising) Way to Find the Best Deal on a Credit Card.” Radio Interview with *Everyday Wealth* on www.wsradio.com.

September

“New HMDA Pricing Data: What Does it Show?” *Predatory Home Lending: Moving Toward Legal and Policy Solutions*. The John Marshall Law School. Chicago, IL.

“Short Term Credit Issues.” *Meeting the Need: Affordable, Responsible Short-Term Credit*. Federal Deposit Insurance Corporation. Washington, DC.

“The Scale of the Problem and How to Shape a State and Federal Response.” *The Enemies of Asset Building: Predatory Mortgage and Consumer Loans*. National Community Tax Coalition Annual Conference. Chicago, IL.

“Financial Services for Recent Immigrants.” *Financial Services for Recent Immigrants. Diverse Voices, Values, and Traditions: Philanthropy in the 21st Century*. Neighborhood Funders Group. Phoenix, AZ.

“State and Federal Responses to Predatory Mortgage and Consumer Loans.” *Building Prosperity for Working Families*. National Community Tax Coalition. Chicago, IL.

October

“Introduction to the Home Mortgage Disclosure Act.” *Fair Lending Roundtable*. Atlanta Neighborhood Development Partnership, Inc. Atlanta, GA.

“Applications of the Home Mortgage Disclosure Act.” *Fair Lending Roundtable*. Atlanta Neighborhood Development Partnership, Inc. Atlanta, GA.

The Community Reinvestment Act: Tools for Improving Community Development Lending, Services and Investments.” *Fair Lending Roundtable*. Atlanta Neighborhood Development Partnership, Inc. Atlanta, GA.

The Community Reinvestment Act: Tools for Improving Community Development Lending, Services and Investments.” *Faith-Based Developers Annual Conference*. PACT Project/Monroe Foundation. Chicago, IL.

“How Woodstock Institute Uses Home Mortgage Disclosure Act Data.” *2005 Annual Conference - The Risky Business of Compliance*. Chicagoland Compliance Association. Chicago, IL.

“Experimental and Quasi-experimental design for Social Research.” Pontifical Catholic University of Rio de Janeiro. Rio de Janeiro, Brazil.

November

“The Community Reinvestment Act: Tools for Improving Community Development Lending, Services and Investments.” *Southside Community Organizing Capacity Building Program*. Woods Fund of Chicago. Chicago, IL.

“Access to Financial Services for Low-Income People in the U.S.” *United Kingdom Conference on Fair Finance and Responsible Lending*. London.

“Community Reinvestment via Voluntary Codes of Practice or Legislative Mandate.” *United Kingdom Conference on Fair Finance and Responsible Lending*. London.

“The Impact of Mandatory Data Disclosure in the United States.” *United Kingdom Conference on Fair Finance and Responsible Lending*. London.

“Payday Lending Alternatives for Credit Unions.” *Second Annual Payday Loan Advocates’ Summit*. Consumer Federation of America. Washington, DC.

December

“Community Development in the Favelas of Rio de Janeiro.” *The Chicago Semester*. Chicago, IL.

“Asset Preservation: Challenges and Prescriptions.” *Asset Funders Network Launch Meeting*. Asset Funders Network. New York, NY.

Collaborations and Memberships

Advisory Committee, Illinois LINK Committee--Advises on strategies to implement and increase usage of the electronic benefits transfer (EBT) direct deposit initiative in Illinois.

Advisory Committee, MoneySmart Chicago--A Federal Reserve Bank-sponsored coalition of community organizations, banks, and regulators working to establish and improve upon financial literacy efforts in the Chicago area.

Advisory Group, Woods Fund of Chicago--The group works to advise the Fund on the direction of its Strategic Plan. Participated on an advisory group to reorganize the foundation’s application and reporting forms.

Asset Building Group: Woods Fund of Chicago--Worked to reconfigure the asset agendas of local community groups.

Board Chair, Financial Markets Center (FMC)--Monitors the activity of the Federal Reserve Board from the perspective of the average citizen.

Board Member, Center for Community Labor Research--Specializes in new approaches to community development, with an emphasis on manufacturing effective partnerships between labor, community, and business groups.

Board Member, Chicago Area Fair Housing Alliance--Coalition of nonprofit and government organizations working to promote fair housing in the Chicago region.

Board Member, Chicago Council on Urban Affairs--Research and policy organization that works on issues of poverty, race, and juvenile justice.

Board Member, Deborah's Place--Provides permanent and transitional shelter and support services for homeless women.

Board Member, International Center for the Study of Children and Youth, Rio de Janeiro, Brazil--Engages in research and policy analysis to improve the condition of poor children in Brazil and other countries.

Board, Executive Committee, Legislative--Regulatory Policy Committee and ad hoc Bank Merger Committee Member, National Community Reinvestment Coalition--A coalition of over 700 groups working to improve community reinvestment practice and policy throughout the country.

Board Secretary and Steering Committee Member, Coalition of Community Development Financial Institutions--A national group of CDFI practitioners and coalitions working to improve national policy on CDFIs.

Consumer Advisory Council, Board of Governors of the Federal Reserve System--Woodstock Institute's Senior Vice President sits on council to advise the Board in the area of consumer financial services. The council membership represents interests of consumers, communities, and the finance services industry.

Convener, Chicago CRA Coalition--The Coalition develops and advocates for concrete improvement in Chicago region banks' community reinvestment activities.

Convener, Midwest Bank Regulators and Community Development Organizations Collaborative--Discusses community and regulator issues about the implementation of CRA regulations.

Core Group Member, Policy Research Action Group--Promotes collaborative research and projects between universities and community groups in the Chicago area to promote effective policy and action.

Executive Committee Member, John Egan Campaign for Payday Loan Reform--Works on legislation, public education, and advocacy to reduce the negative effects of the payday loan industry in Illinois.

Member, Bankers Community Collaborative Council--A collaboration of the National Community Reinvestment Coalition and representatives of leading financial institutions. The Group is dedicated to improving community reinvestment performance, practice, and policy.

Member, Chicago Low-Income Housing Trust Fund--Oversees city and other funds to improve housing for very low-income people.

Member, Community Development Roundtable, Federal Reserve Bank of Chicago--Meetings between regulators and other community representatives to discuss Midwest community development issues.

Member, Community Development Venture Capital Alliance--Research strategies for evaluating community development venture capital funds and how they can effectively achieve their "double bottom line."

Member, Consumer Federation of America--Advocates, provides technical assistance and develops policy in the interest of consumer protections.

Member, Financial Links for Low-Income People--Coalition of community and consumer groups, lenders, and regulators working to create a comprehensive financial literacy program for Illinois' welfare-to-work initiatives.

Member, Governor's Task Force on Financial Literacy--A consortium of financial literacy experts working to evaluate and improve financial literacy programs in Illinois.

Member, Illinois Insurance Collaborative--The Collaborative is seeking to document the barriers to and find solutions for equal access to home insurance products.

Member, National Low-Income Housing Coalition--Works to end America's affordable housing crisis through education, organizing, and advocacy.

Member, National Forum to Promote Lower-Income Household Savings--Meets quarterly to review progress and provide feedback on Cleveland Saves, a program developed by the Consumer Federation of America and Cleveland-based community groups to promote financial literacy and increased asset development.

Member, National Partnership for Financial Empowerment--Public-private partnership led by the U.S. Department of the Treasury. Seeks to raise awareness of the need for financial literacy training.

Member, New Alliance Task Force on Immigrant Banking--Formed by the Federal Deposit Insurance Corporation in conjunction with the Mexican Consulate of Chicago, the Task Force includes banks, nonprofits, regulatory agencies, and schools that partner to further the advancement of immigrants' access to financial services.

National Federation of Community Development Credit Unions and JP Morgan Chase--Developing and implementing an evaluation of a Community Development Credit Union Pilot Emergency Loan Program.

Steering Committee Member, National Stop Predatory Lending Initiative--A national coalition of research and policy organizations working to put a stop to predatory mortgage lending through effective federal policy.