WOODSTOCK INSTITUTE
2006 ACCOMPLISHMENTS

Woodstock Institute is a Chicago-based nonprofit that works to bring financial resources to lower-income and minority communities and households. It seeks to promote fairness in local, national, and international financial structures that have historically marginalized such people and places. Woodstock Institute has carried out this mission using applied research, policy development, product design, program evaluation, and technical assistance—tools that have successfully produced timely and actionable knowledge about the financial system for practitioners, government, and the general public.

Analyzed Emerging Trends in Consumer Debt Levels

In May, Woodstock Institute released *Reinvestment Alert 30: U.S. Household Debt Levels Are Worrying No Matter How You Look at Them* that shows a variety of debt measures point to a disturbing phenomenon: families are racking up high levels of debt. Raw data on debt levels are hard to interpret because their significance depends on the financial assets families possess to offset their debt. But the debt levels described in this report are troubling even after taking into account rising asset levels in homes and the stock market.

Gathering information from a variety of sources, the report highlights the following trends:

- Household debt rose from 71 percent of disposable household income to 126 percent between 1979 and 2005.

- Total household liabilities increased from 20 percent of total household assets to 29 percent between 1999 and 2004.

- Homeowners' equity in their homes declined from 67 percent of their homes' value to 57 percent between 1979 and 2004 despite rising home values that would add to an owner's equity.

- The median value of mortgage debt for families in the bottom fifth of the income distribution increased 191 percent and in the second lowest fifth, 124 percent between 1989 and 2001.

- Self-reported credit card debt data show that between 1989 and 2004 credit card debt, in inflation adjusted dollars, doubled.

- Credit card industry data show that the mean household credit card debt for families with at least one credit card exceeds $9,000. Since 40 percent of families pay their credit card bills in full every month, families who carry balances have average balances considerably in excess of $9,000.

These aggregate figures hide more alarming numbers for particular groups of households. Renters' debt obligation ratios are about twice those of homeowners, and homeowners who have "alternative mortgages" such as so-called interest only mortgages are at high risk of running into negative equity situations where their mortgage debt is higher than their homes' value. These trends underscore the importance of Woodstock's work to figure out how ordinary families can build, not deplete, financial assets.

Documented Community Level Impact of Refund Anticipation Loan Usage Rates in Chicago Region

At beginning of the 2006 tax filing season, Woodstock Institute released *Reinvestment Alert 29: Refund Anticipation Loan Usage Rates Negatively Impact the Asset Building Potential of the Earned Income Tax Credit.* With the release of this report, Woodstock Institute provided local evidence of a growing national trend and joined community reinvestment colleagues across the country in documenting the community development impact of this high cost consumer loan product on lower-income working families.

In the Chicago region, 38 percent of all Earned Income Tax Credit recipients are using a high cost refund anticipation loan to get their refund faster. Costing about $248 in fees for the average tax preparation and loan with annual interest rates in the triple digits, these products cost lower-income families in the region a total of over $48 million in lost income based on 2002 data, the most recent available.

The Earned Income Tax Credit (EITC) is a refundable tax credit program for working families. Since its inception in 1975, the program has been credited with lifting nearly 5 million families out of poverty annually. In total, lower-income taxpayers in the Chicago region receive about $903 million as a result of the Earned Income Tax Credit, with an estimated additional $45 million from the Illinois Earned Income Credit.

Developed Community Partnerships with Mainstream Credit Unions

Woodstock Institute has completed the technical assistance portion of its *Building Community Assets* program in December 2006. The program partners community organizations seeking to offer their constituents affordable financial products and services, with mainstream credit unions seeking to increase their lower-income membership. Case studies of the four technical assistance sites are available for public comment at the *Building Community Assets* blog located at www.woodstockinst.org/blog.

Summaries of the completed case studies are provided below.

Fresno West Coalition for Economic Development

Woodstock Institute provided technical assistance to Fresno West Coalition for Economic Development (FWCED) in West Fresno, California to establish a partnership with Fresno County Federal Credit Union (FCFCU). To date, the partnership has helped over 40 lower-income people join the credit union and begin building assets.

Spokane Neighborhood Action Project

Woodstock Institute provided technical assistance to Spokane Neighborhood Action Programs (SNAP) to facilitate a partnership with Numerica Credit Union, and Washington State Employees Credit Union (WSECU). SNAP sought assistance from Woodstock to help develop and market products tailored to low- and moderate-income consumers; to oversee the development of the program's organizational structure; and to help define the terms of the partnership. To date, the program has registered 551 clients and graduated 57 into full credit union membership.

Tulsa Community Action Project

Faced with 6,500 clients repeatedly using the expensive financial services of a growing payday loan industry, CAP sought assistance from Woodstock Institute to help assist victims of predatory payday lending, provide financial education programs and access to affordable loans and services, and help build assets for their clients and the Tulsa community.

To date, the partnership has implemented many of the recommendations that Woodstock made during its technical assistance and 772 of CAP's clients deposited $958,988 into TFECU accounts through federal tax refunds. Including state refunds, CAP clients have deposited over $1 million into TFECU accounts.

Hartford IDA Collaborative

Woodstock Institute facilitated partnership between Hartford Individual Development Account Collaborative (HIDAC) and Hartford Federal Credit Union (HFCU). HIDAC, which is led by Co-opportunity Inc., a Hartford-based community group interested in neighborhood stability and economic prosperity, is a collaborative of 14 other community groups, community-based organizations (CBOs), banks, funders, and technical assistance providers. After identifying credit unions as a potential solution to Hartford's lack of asset building opportunities, Co-opportunity Inc., sought the technical assistance of Woodstock Institute to help HIDAC build a partnership with a mainstream credit union. Leveraging their existing Volunteer Income Tax Assistance (VITA) program, the partnership has opened 65 credit union accounts, with 32 of those accounts remaining open as of Fall 2006. The partnership continues to search for areas of collaboration and is currently discussing a ChexSystems project.

Launched an Expanded and Redesigned Community Lending Resource

Woodstock Institute released a new, redesigned issue of its annual mortgage data publication, the *Chicago Community Lending Fact Book*. It also published for the first time the *Illinois Community Lending Fact Book.* Both publications take advantage of recently disclosed data on subprime loan rate spreads, while the Chicago edition includes Woodstock Institute's historical foreclosure trends. The new guides provide community development professionals, neighborhood organizations, financial institutions, and policymakers the necessary tools to visualize the impact of lending disparities in their communities.

The Chicago edition provides community profiles for the 77 official Chicago Community Areas, as well as several surrounding suburban regions. The Illinois edition provides profiles for the nine largest metropolitan regions in Illinois: Bloomington-Normal, Champaign-Urbana, The Quad Cities, Decatur, Kankakee, Peoria, Rockford, Springfield, and the St. Louis region.

Both editions are available online and in print and include a CD-ROM containing the comprehensive Census tract level data tables used to create the *Community Lending Fact Book.*

Organized Fair Finance Workshops Throughout Illinois

To promote the *Illinois Community Lending Fact Book* throughout Illinois and the St. Louis region, Woodstock Institute hosted the *Tools for Fair Finance Workshop* in both St. Louis, Missouri and Peoria, Illinois in May of 2006. The workshop series assembled regional experts and community development practitioners to discuss emerging trends in fair finance, innovative ways to use applied research and data analysis to document neighborhood reinvestment trends, and strategies for future statewide and regional collaboration on key reinvestment issues.

Woodstock Institute partnered with Housing Action Illinois, Beyond Housing in St. Louis, and the Central Illinois Organizing Project. This initiative supports Woodstock Institute's strong regional and statewide presence and increases its capacity to be a valuable community development and fair finance resource throughout the state.

The workshop series was the subject of the headline news television story on the Peoria and Bloomington Normal NBC affiliate, WEEK-NBC which looked at the rising high cost lending and foreclosure trends in the Bloomington-Normal region.

Implemented Public Outreach Campaign Designed to Reduce Refund Anticipation Loan Usage Rates in the Chicago Region

In response to recent predatory developments in federal income tax refund lending, Woodstock Institute has launched a consumer education campaign designed to reach out to potential borrowers who may be unaware of lower cost options. Woodstock is particularly concerned with an advance refund loan offered in mid-November by Jackson Hewitt. This loan, called the HELP loan, is based on a taxpayers projected tax refund which is calculated using tax information printed on their pay stub. Previously, borrowers had to wait until they received their tax forms in late January to use an advance refund loan—which offered borrowers a chance to borrow against their tax refund.

To take out a HELP loan, taxpayer presents their pay stub, social security card, and the social security cards of any dependants to a Jackson Hewitt tax preparer. The preparer then estimates the taxpayer's refund and provides a $400 to $600 loan due after the holiday season. If the borrower is unable to repay the loan after the holidays, they can take out another, larger loan based on their final pay stub of the year. This second loan is repaid with a traditional tax refund loan available when the borrower receives their W-2 tax information. In all, cash strapped borrowers may now take out three separate loans against their tax refund, and take home even less of their refund than ever before.

To date, the outreach effort has resulted in several appearances on a personal finance television program and a feature story in the Chicago Sun-Times. Woodstock Institute is partnering with the Center for Economic Progress, a Chicago-based provider of free tax preparation services and financial counseling, and Illinois Legal Aid Online, which offers taxpayers free legal counseling through their counseling sites and online portal.

Testified in Key Predatory Lending Court Case

Woodstock Institute's staff provided expert testimony during the restitution hearing of a landmark lawsuit being brought against a group of mortgage appraisers, investors, and brokers in the Cincinnati area that allegedly defrauded banks in a flipping scam involving hundreds of properties.

In one of the first suits of its kind, Price Hill WILL, a community development corporation serving the Cincinnati region, sought damages in Federal District Court (Southern District of Ohio) for the net loss in property value caused by the concentrated neighborhood foreclosures that occurred as a result of the scam.

Price Hill WILL, represented by the Legal Aid Society of Greater Cincinnati, based much of its compensation claim on the recent Woodstock Institute report *There Goes the Neighborhood: The Effect of Single-Family Mortgage Foreclosures on Property Values*. The report, one of few analyses looking at the cumulative effects of foreclosure, found that each foreclosure in the Chicago region reduced nearby property values in lower-income communities by up to 1.4 percent. This reduction in value is repeated for every foreclosure in the same area. Woodstock Institute's methodology served as the foundation for calculating the undisclosed restitution amount agreed upon by the defendants in the out of court settlement.

Contributed to the Financial Disclosure Debate in the United States and United Kingdom

Bank disclosure on a geographic basis is fundamental to the study of community reinvestment patterns in both the United States and the United Kingdom. To compare the type and quality of data available in each country, and to make the case for additional disclosure requirements in the U.K., Woodstock Institute released *Full Disclosure: Why Bank Transparency Matters* as joint research project with the London-based New Economics Foundation.

This report shows the huge disparity in the amount of bank performance data from lower-income neighborhoods available in the U.S. and the U.K. This disparity is most stark when considering available data on mortgage lending and small business lending patterns in underserved lower-income and minority neighborhoods. To illustrate these differences, the report describes the data provided by two banks belonging to the same bank holding company. The U.S. case study uses data from Charter One Bank in Chicago, the U.K. case study data from Charter One's parent bank, Royal Bank of Scotland in Manchester.

Researched the Supply of Credit and Capital in the Appalachian Region

To illustrate one possible method of measuring the access to and impact of community development financial institutions (CDFIs), Woodstock institute analyzed the presence of regional development finance institutions and other intermediary business development leaders in the Appalachian region of the eastern United States. Such intermediaries are often loan funds which are typically operated by a mix of public, private, nonprofit, or for-profit organizations and receive capital from sources such as mainstream financial institutions; federal, state, and local government agencies; and foundations. This analysis used a variety of data sources to analyze the presence of different types of such institutions in the region, focusing on community development financial institutions, government-backed revolving loan funds (RLFs), and SBA lending intermediaries. The analysis found that:

- Appalachian CDFIs place a heavy emphasis on lending to larger and more established businesses.
- Financing larger enterprises has allowed Appalachian CDFIs to impact more jobs.
- Appalachian CDFIs, particularly loan funds, have a heavy dependence on government funding.
- Appalachian community development loan funds have low self-sufficiency rates.
- ARC funded revolving loan funds have had considerable impact in the region and have become increasingly efficient at impacting jobs.
- SBA funded microlenders are effective at lending to distressed markets, but SBA microlending and 504 lending is limited to minority businesses in distressed counties.

This material will be released in early 2007 as part of a larger report commissioned by the Appalachian Regional Commission and coordinated by the National Community Reinvestment Coalition.

Supported the Rigorous Enforcement of Illinois Payday Loan Law

Woodstock Institute is the lead researcher for the Illinois payday loan reform movement and has continued to work for the implementation of the 2005 Illinois Payday Loan Reform Act (PLRA). Woodstock Institute's research has shown that the Act is working to protect consumers from many of the most egregious predatory lending practices common in the industry. The cost of borrowing a traditional payday loan has decreased dramatically--down from about $66 to $40 for the typical $300, 14 day loan. The Act provides key consumer protections for payday loans with terms of 120 days or less and includes mechanisms to prevent over borrowing, a fee cap, a cooling off period between loans and a repayment plan. At the time the Act was crafted, most payday loans in Illinois had terms of 31 days or less.

Community organizations and state officials learned early in 2006 that the payday loan industry has begun to circumvent the law by making loans with terms over 120 days. To better understand the terms and conditions and total cost of associated with these loans, Woodstock Institute released an analysis entitled *Comparing the Cost of Credit Before and After the Payday Loan Reform Act*. The report shows that one-third of payday loans made to Illinois consumers in early February have terms over 120 days. These lenders are not only subverting the law, they are charging higher prices than ever before for these "look alike" loans, often called "installment" or "checkbook" loans. Just two years ago, a borrower taking out a $300 installment loan for five months would pay just $86 in fees. Now, this same product will cost a borrower $446 in fees.

Woodstock Institute analyzed the case for strong enforcement of policy that would reduce the number of payday loan outlets by up to 26 percent. After the passage of the Payday Loan Reform Act, state regulators announced that Illinois limited purpose branch program would be discontinued in January 2007. The limited purpose branch program allows currency exchanges throughout the state to accept applications for payday loans and dispense loan proceeds, while the actually credit decision is made offsite at a licensed payday lender. Woodstock Institute has argued that this decision should be upheld and will work to quantify the impact of this decision on lower-income and predominately minority communities in the case that these limited purpose branch licenses expire.

Researched Payday Installment Loans Designed to Circumvent the Payday Loan Reform Act

Woodstock Institute was the lead researcher on the report *Hunting Down the Payday Loan Customer: The Debt Collection Practices of Two Payday Loan Companies*, released in partnership with Monsignor John Egan Campaign for Payday Loan Reform. The report shows how the payday loan industry in Illinois has continued to violate short-term lending laws and develop new products with slightly modified terms and conditions specifically to avoid the legislation and regulation designed to protect borrowers seeking short term emergency forms of credit. The newest iteration, the high cost installment loan, has virtually replaced the traditional two week or 31 day payday loans in Illinois and is not covered by the strong consumer protections passed by the General Assembly as part of the Payday Loan Reform Act.

To better understand what types of abuses borrowers are facing, the Monsignor John Egan Campaign has examined the court records of borrowers taken to court by two companies now offering these new payday installment loans, Americash and Cottonwood (doing business as The Cash Store) in 2005 and 2006. These loans, which were made before the Payday Loan Reform Act (PLRA), show the types of abuses and aggressive litigation borrowers can expect from these companies currently offering loans designed to circumvent the law.

Key findings include:

- **The Payday Loan Reform Act is working, but lenders are working hard to evade the law, offering payday installment loans that are expensive and dangerous.**

  The consumer protections provided by the PLRA have helped to reduce to the cost of using payday loans in Illinois by 39 percent, saving borrowers about $25 per $300 loan. However, in an effort to evade these protections, lenders have adapted longer term payday installment loans that are not covered by the act.

- **One in three borrowers taken to court by a major payday lender had at least one renewal or "roll over."** These renewals provide strong evidence that borrowers who take out these types of loans often enter into cycles of debt and cannot pay off old loans without resorting to new ones. Since the passage of the PLRA, in a phone survey of a dozen payday loan stores across Illinois conducted in the Summer of 2006, the Egan Campaign identified that one company began offering a renewal-driven 140 day loan with nine interest-only payments (similar to nine automatic renewals) and a probably insurmountable balloon payment of the entire principal at the end of the 140 days.

- **Women made up a large portion of payday loan borrowers taken to court.** Of the Americash cases reviewed, 72 percent of the defendants were female, with 23 percent male, and 5 percent gender unknown.

- **Payday and installment loan defaults are heavily concentrated in minority communities**. This provides further evidence that these communities are more likely to be impacted by high levels of non-productive debt. Nearly 70 percent of Americash borrowers with pending or complete court cases because of default were located in low- or moderate-income, predominately minority ZIP codes, with nearly 90 percent of cases located in predominately minority communities of any income.

- **The average court award is almost twice the average loan amount.** Court awards greatly exceed the loan principal, even if the borrower has already made interest payments that exceed the amount they originally borrowed. Americash was awarded $1,894 for the average loan of $930, almost twice the amount of the loan. The Cash Store was awarded $1,287 for the average loan of $824.

Researched Pricing and High Risk Lending Trends in Mortgage Lending

Woodstock Institute released an analysis of newly available home mortgage pricing data, reveal disparities in access to high cost mortgage lending, shifting foreclosure trends, and growing concerns about the affordability of home ownership for low- and moderate-income households in the Chicago area. Titled *Key Trends in Chicago Area Mortgage Lending: Analysis of Data from the 2004 Chicago Area Community Lending Fact Book*, the report used data from the redesigned 2004 *Chicago Area Community Lending Fact Book*.

Minority borrower and communities are much more likely to receive costly mortgages than white borrowers and communities and disparities widen as income-level increases. In 2004, over 40 percent of the conventional single-family mortgages to African-American borrowers in the Chicago area were high cost and over 25 percent of such loans to Hispanic borrowers were high cost. By comparison, ten percent of similar mortgages to white borrowers were high cost in 2004. This disparity grows as borrower income-level increases. An African-American borrower earning twice the Chicago area median income was over five times more likely to receive high cost loan than a white borrower with the same income level.

There were over 1,400 "High Risk" home loans originated in the Chicago area in 2004 as defined by the Illinois High Risk Home Loan Act. The law was designed to protect Illinois home owners from some of the most abusive practices seen in the subprime home equity lending market. The Act defines a set of loans with either high annual percentage rates (APRs) or high fees that are considered "high risk" and requires that these loans are subject to increased protections and disclosures. Analysis of federal mortgage lending data shows that in 2004 in the Chicago Six County Area there were 1,480 refinance and home improvement loans that crossed the APR triggers set in the Illinois High Risk Home Loan Act. The vast majority of these loans were originated by either bank-owned or independent mortgage companies. Over 60 percent of these loans were originated in areas with above average foreclosure rates.

Between 1999 and 2004, foreclosures declined slightly in the City of Chicago, but were on the rise in the suburbs. Foreclosures in the City of Chicago decreased by 1.2 percent between 1999 and 2004. Over the same period, foreclosures in the suburban Chicago Six County Area increased by over 20 percent. The largest increase in foreclosures was in McHenry County where foreclosures more than doubled, increasing by over 230 percent.

Other key findings from the report raise substantial concerns about prospects of low- and moderate-income and minority home ownership in the region. Skyrocketing home values and stagnating wage growth for modest-income households have led to increasing concerns about the affordability of home ownership for low- and moderate-income families in the Chicago region.

Support Statewide Initiative to Cut Off Pension Investments in Predatory Lenders

Woodstock Institute provided technical assistance to an Illinois effort to use pension investments to encourage national banks to follow the provisions of the Illinois High Risk Home Loan Act. The Speaker of the Illinois House, Michael Madigan (D-Chicago) has requested that public pension boards throughout Illinois cease investing funds in financial institutions making high risk home mortgage loans. This initiative was designed to deal with the problem that national chartered banks operating in Illinois are exempt from certain Illinois laws by a process known as national bank preemption.

Pension boards have been asked to make sure the financial institutions they invest in self-certify that they do not make the types of risky, often exploitative, high risk loans defined by the Illinois High Risk Home Loan Act. Speaker Madigan's office has reported numerous favorable responses to the request.

In 2003, the Illinois General Assembly passed the High Risk Home Loan Act (PA 93-561), a strong predatory lending law intended to protect borrowers who use the equity in their homes to obtain loans. The Act protects home buyers who get involved in a high interest or high fee loan to refinance their current mortgage.

The law prohibits state-chartered lenders from making loans in cases where they have no reason to believe the borrower is financially able to make the scheduled payments and targets other predatory practices such as negative equity loans and loan flipping in loans with high interest rates or high fees.

A number of states have enacted anti-predatory lending laws that have been weakened by federal preemption actions. The Madigan pension board initiative demonstrates one creative way that states can further their efforts to reduce the devastating impact of predatory lending.

Provided Technical Assistance in Support of Anti-Predatory Lending Transaction Review Program

Woodstock Institute has provided extensive technical assistance to the state of Illinois in support of its efforts to protect Illinois borrowers from loans with potentially predatory features.

In an effort to curb the negative effects of concentrated subprime lending and the resulting increase in neighborhood foreclosures in several Chicago neighborhoods, the Illinois General Assembly passed a pilot transaction review program designed to inform borrowers about several types of potentially predatory features commonly contained in home purchase and refinance loans.

In ten ZIP codes on Chicago's south and southwest sides, borrowers with low credit scores or whose loans contain certain complex and potentially predatory features such as interest-only payments, an adjustable rate mortgage with an initial fixed period of less than three years, or no income documentation are be required to attend a brief transaction review session with a certified housing counselor. At these sessions, the loan documents are reviewed to ensure that no fraud is occurring and the borrower is educated about other potentially lower cost mortgage alternatives. At the end, it is up to the borrower to continue with the current transaction or pursue one with more favorable terms. The goal of the program is to ensure that a borrower is fully educated about the true costs of their mortgage while not restricting the choice of loan products or features.

The transaction review process consists of a brief, in-person session conducted by a HUD-certified counselor, and compares the terms and conditions described by the broker with the terms and conditions listed on the actual contract. Evidence from several counseling agencies has shown that, in many cases, borrowers were unaware of several potentially predatory loan features. In other cases, the terms and conditions described by the broker were markedly different than the terms and conditions provided in the loan documents.

Woodstock Institute provided extensive technical assistance to Illinois banking regulators seeking to identify communities that exhibited a high concentration of subprime lending and increased levels of foreclosures; information included in the January 2006 *Woodstock Analysis of HB 4050 Pilot Area Lending and Foreclosure Patterns*. The governor of Illinois, however, recently suspended the program in response to certain criticisms.

Comment Letters

Woodstock Institute regularly submits public comment letters to state and federal banking regulators on proposed changes to community development regulation during public comment periods. These comment letters often provide quantitative analysis of the possible impact of regulatory decisions on lower-income and minority communities. They also make a direct connection between national policy decisions and access to credit and capital in Chicago neighborhoods. These comment letters are usually prepared in response to a public comment process initiated by state or federal banking regulators.

Comment Letter Opposing the Dearborn Federal Credit Union's Conversion to a Thrift on CRA Grounds (January 11, 2006)

Woodstock Institute submitted a comment letter opposing the application submitted by Dearborn Federal Credit Union to the Office of Thrift Supervision to convert to a mutual savings bank, which is proposed to be known as DFCU Financial, FSB. It notes that the Community Reinvestment Act plan of DFCU Financial does not adequately meet the community reinvestment needs of the proposed bank’s assessment area.

Comment Letter Supporting the Extension of Payday Loan Consumer Protections to Unregulated "Look Alike" Loans (March 31, 2006)

Woodstock Institute submitted a comment letter expressing its support of recent rules proposed by the Illinois Department of Financial and Professional Regulations. These rules seek to extend the consumer protections provided by the 2005 Payday Loan Reform Act to several new products developed by the payday loan industry to escape regulation. Recent Woodstock analysis has shown that nearly one-third of payday loans made to Illinois consumers are not covered by the Payday Loan Reform Act. This comment letter was adopted by 19 other individuals and organizations throughout Illinois.

Comment Letter Opposings Changes that Would Restrict the Adoption of Underserved Areas by Mainstream Credit Unions (March 28, 2006)

Woodstock Institute provided comments opposing a rule proposed by the National Credit Union Administration, which would restrict the adoption of underserved areas to credit unions with a multiple common bond charter. This limitation would reduce the number of mainstream credit unions able to expand into lower-income communities to provide much needed access to affordable financial products and services.

New Information Calls for Denial of H&R Block Bank (March 27, 2006)

Woodstock Institute reiterated its request to deny of application of H&R Block to become a national thrift. The letter stated that the Office of Thrift Supervision, which regulates thrifts and approved the application in March of 2006, should withhold approval based on new information provided by the Attorney General of New York. This information described the bank's intent to use the thrift charter to continue offering a type of retirement product that has been shown to consume any potential earnings with undisclosed fees.

Comment Letter Supporting NCUA Survey of Credit Union's Service to Low- and Moderate-Income People (March 09, 2006)

Comment letter in support of the National Credit Union Administration's proposal to conduct a one-time survey of a sample of credit unions on their penetration of low- and moderate-income communities.

Comment Letter on Proposed Interagency Questions and Answers Regarding Community Reinvestment (January 06, 2006)

During the 2002-2005 regulatory review process, and again in this Q & A, Woodstock Institute has sought to clarify that any activity for which a bank receives CRA credit should directly impact low- and moderate-income people. Under the current regulatory guidance, banks may receive CRA credit for investing in projects that benefit middle- and upper-income individuals if that project is located in a designated distressed or underserved middle-income non-metropolitan geography or disaster areas. The letter also addresses the key concerns Woodstock Institute has raised during the past year regarding the evaluation of banks under the new intermediate small bank test, how innovative financial services are considered, and how innovative long-term investments should be considered if they extend beyond a single evaluation period. This comment letter was adopted by 12 other individuals and organizations throughout Illinois.

Comment Letter to the Office of Thrift Supervision on Proposed Interagency Questions and Answers Regarding Community Reinvestment (June 12, 2006)

Woodstock Institute comments to federal banking regulators regarding the proposed Questions and Answers for the implementation of the Community Reinvestment Act regulations adopted by the Office of Thrift Supervision (OTS). Comments support a common, interagency definition of "community development" and encourage the OTS to adopt the "intermediate small bank" test currently in use by the remaining three bank regulators. The OTS had broken away from the other three bank regulatory agencies to provide a significantly weakened version of the large bank CRA test. In November 2006, the OTS issued a proposed regulation that would bring it back in line with the other regulatory agencies.

Comment Letter Supporting the Talent/Nelson Anti-Predatory Lending Amendment to the 2007 Defense Department Authorization (August 9, 2006)

Woodstock Institute strongly supported the Talent/Nelson amendment which successfully capped interest rates at 36 percent annually for loans made to military families and protects service members who obtain loans after they have enlisted or been mobilized, closing a major gap in the Service Members Civil Relief Act. Most importantly, it provides a national standard of protection for members of the armed forces even if they live in a state where predatory consumer lending is not forbidden under state law. This legislation represents the first time since the general demise of state interest rate caps for consumer loans in the early 1980s that an interest rate cap has been established by law.

Comment Letter on the 2006 CRA Examination of Harris Bank (June 27, 2006)

Woodstock Institute commended the bank on its regular Neighborhood Review Board meetings and its equitable pattern of lending in low-income and Hispanic communities, but expresses some concern over its poor performance in predominately African American communities.

Technical Assistance

Technical Assistance in Chicago and the Surrounding Metropolitan Area

Boston Consulting Group - Analyzed HMDA data for a major financial company's lending affiliates in its 18 -state footprint.

Center for Responsible Lending - Provided data on payday loan customer demographics in Illinois and Wisconsin.

Chicago Commons - Provided community development contacts for Chicago region financial institutions.

Chicago Park District Pension Fund - Provided information relating to the Speaker's Initiative on Illinois Pension Funds seeking investee compliance with predatory lending laws.

Chicago Tribune - Discussed the need for down payment assistance to promote homeownership among low- and moderate-income home buyers and the types of options available in the Chicago region.

Community Development Banker's Association - Provided information on measuring the impact of community development banks.

Community and Economic Development Association of Cook County - Provided information on the proliferation of tax refund lending in Cook County and provided literature for distribution to at-risk clients.

Crain's Chicago Business - Provided detailed information on the history and community reinvestment implications of overdraft protection offered by Chicago-region banks.

Daily Southtown - Provided an overview of the 2006 rulemaking process undertaken by the Illinois Department of Financial and Professional Regulation to establish consumer protections for short term loans make under the Consumer Installment Loan Act.

Financial Services Centers Cooperative - Provided advice on a proposed cooperative partnership between credit unions and currency exchanges in Chicago.

First American Bank - Discussed community reinvestment strategies.

Fox News Chicago - Provided background information on the automobile title loan industry in Illinois as well as details on the mechanics of the product and its impact on lower-income and minority communities.

Illinois Housing Authority - Provided compliance information relating to the Speaker's Initiative on Illinois Pension Funds seeking investee compliance with predatory lending laws.

Illinois Municipal Retirement Fund - Provided compliance information relating to the Speaker's Initiative on Illinois Pension Funds seeking investee compliance with predatory lending laws.

Illinois Public Pension Fund Association - Provided advice on Illinois initiative to reduce predatory home mortgages by asking public pension funds to avoid investing in firms that do not self-certify their compliance with Illinois High Risk Home Loan Act.

Institute for Latino Studies at the University of Notre Dame - Provided information on the programs currently in place to deliver banking products and services to the Latino market.

J.P. Morgan Chase - Identified several key refund anticipation loan policies of particular concern to community economic development organizations.

Laborer's Pension Fund - Provided information relating to the Speaker's Initiative on Illinois Pension Funds seeking investee compliance with predatory lending laws.

Lakeside Community Development Corporation - Provided information on ongoing strategy and priority development in the Roger's Park community.

Long Grove Fire Protection District - Provided information relating to the Speaker's Initiative on Illinois Pension Funds seeking investee compliance with predatory lending laws.

Metro Chicago Information Center - Provided assistance locating historical Home Mortgage Disclosure Act data.

Monsignor John Egan Campaign for Payday Loan Reform - Supported the campaign effort to reduce the cost of payday, installment, and auto title loans in Illinois and establish meaningful consumer protections and strengthen enforcement. Woodstock Institute analyzed state regulatory data to determine the impact of the 2005 Egan Payday Loan Reform Act on the cost of borrowing traditional payday loans. Woodstock also conducted a exhaustive review of recent title loan cases in the county court system to determine borrower profiles and types of loans available.

Municipal Enployees Annuity and Benefit Fund of Chicago - Provided information relating to the Speaker's Initiative on Illinois Pension Funds seeking investee compliance with predatory lending laws.

North Park University - Woodstock Institute's staff provided two lectures addressing the ability of community organizations to use applied research and policy analysis to affect long term, systemic change. These lectures were presented as part of the university's community development program.

Office of Alderman Manuel "Manny" Flores, 1st Ward Chicago City Council - Provided feedback regarding a proposal to establish *New City Financial Services, a Bridge Between Communities and Banks* designed to facilitate mainstream banking in lower-income communities.

Office of Senate President Emil Jones - Provided detailed analysis of bill that would prohibit steering borrowers to less advantageous mortgage products on basis of race. Provided information on how state could improve access to financial services to underserved markets.

Office of Speaker Michael Madigan, Illinois General Assembly - Provided information and research support for an initiative requesting that Illinois pension boards cease investing in bank's making high cost loans with predatory features. This initiative was designed as a creative solution to the preemption issue faced by states with strong anti-predatory lending.

Partnership Assisting Community Transformation - Provided information on state level community reinvestment requirements for financial institutions.

Palos Heights Fire Department - Provided information relating to the Speaker's Initiative on Illinois Pension Funds seeking investee compliance with predatory lending laws.

Shorebank - Proposed methods for selecting communities that could be targeted for prime loans to compete with subprime lenders.

South Suburban Mayors and Managers - Provided data on increased level of foreclosures in the South Suburbs.

Southwest Organizing Project - Provided policy and research on Illinois law to reduce predatory home mortgage loans by requiring applicants in target zip codes to complete a loan transaction review with HUD certified home counselors.

State of Illinois - Provided analysis of high cost mortgage lending and foreclosures for targeted ZIP codes used in a pilot program to limit mortgage broker abuses.

State Senator Jacqueline Collins - Provided analysis of senate bill that would exempt state depositories from reporting foreclosure data.

RW Ventures - Provided background information, Home Mortgage Disclosure Act data, and foreclosure data for the Chicago metropolitan region, and high cost lending data for the nine largest metropolitan regions in Illinois.

University of Illinois-Chicago - Provided mortgage lending data for a lending analysis of the city of Highwood, Illinois.

West Chicago and Villa Park Pension Boards - Provided information relating to the Speaker's Initiative on Illinois Pension Funds seeking investee compliance with predatory lending laws.

National Technical Assistance

Americans for Fairness in Lending - Woodstock Institute's staff served on the website design and content development committee and provided comments on the content management strategy of the proposed website. Woodstock's staff also provided assistance on organizing resources, communications, and funding opportunities for an upcoming advertising campaign.

Appalachian Regional Commission - Analyzed presence of non-bank small business lending intermediaries in Appalachia.

Bay Winds Federal Credit Union - Provided information on share and draft accounts, best practices for overdraft protection programs, and a guide to partnerships between mainstream credit unions and community organizations.

Center for Public Policy Priorities - Provided summaries of payday loan consumer protections and examples of Woodstock Institute letters to the editor published in Chicago region newspapers.

Christian Community Development Board - Provided information on locating and accessing state corporation tax incentives.

Consumer Federal of America - Conducted a Chicago region survey of check cashing products and pricing as part of national report.

Land of Lincoln Legal Assistance Foundation - Assisted in interpreting HMDA and foreclosure data in a recent court case in the East St. Louis area.

Legal Services Advocacy Project - Provided information on alternative loan products to abusive or non-productive debt.

Franklin National Bank of Minneapolis - Provided information on establishing a Sharia compliant loan product.

National Consumer Law Center - Provided background information on the innovative partnership between Union Bank and Nix Check Cashing Store.

Office of Gave Wilson Goode Jr, City Council of Philadelphia - Provided background information and guidance on the establishment of a linked deposit program that considers the Community Reinvestment Act performance of banks receiving city deposits.

Payday Loan Advocates Group (Consumer Federation of America) - Discussed the pricing and availability of credit union-based alternatives to payday loans and calculated the savings offered by each product over the typical Illinois payday loan.

Responsible Investing for Christian Brothers Investment Services - Discussed opportunities and barriers to establishing an affordable payday loan alternative in conjunction with a large, traditional payday lending company.

University of Maryland - Discussed background information on affordable payday loan alternatives available from community development credit union.

USA Today - Provided an in depth description of the most controversial and harmful terms and conditions of bank and credit union issued credit cards as well as assistance in analyzing the disclosure statements of several large credit card companies.

Wall Street Without Walls - Discussed tax and other incentives to small scale landlords for buying and rehabbing rental housing in low-income communities.

International Technical Assistance

Independent Labor Organization (Brasilia, Brazil) - Provided information on youth job connections and economic development in low-income communities in Rio de Janeiro.

New Economics Foundation - Co-authored a research report comparing bank data disclosure requirements in the U.S. and the U.K. The findings from the report will be used to highlight the need for additional lending disclosure by major U.K. financial institutions.

United Kingdom Commission on Unclaimed Assets - Provided information on community reinvestment opportunities.

United Nations Development Programme - Provided guidance in developing metrics for a project measuring the financial literacy levels of several Pacific island nations.

Conference Presentations and Workshops

March

"Applied Research for Community Development: The Role of Non Profits in Promoting Community Reinvestment." *Masters in Community Development Program*. North Park University. Chicago, Illinois.

"Non-academic Career Paths for Ph.D.s" *2006 Annual Meeting.* Association of American Geographers. Chicago, Illinois.

May

"Fair Finance Research and Emerging CRA Coalition Issues." *Tools for Fair Finance Workshop*. Sponsored by Woodstock Institute, co-sponsored by Housing Action Illinois and Beyond Housing. St. Louis, Missouri.

"Working with Home Mortgage Disclosure Act Data." *Tools for Fair Finance Workshop*. Sponsored by Woodstock Institute, co-sponsored by Housing Action Illinois and Beyond Housing. St. Louis, Missouri.

"Working with the CRA Coalition." *Tools for Fair Finance Workshop*. Sponsored by Woodstock Institute, co-sponsored by Housing Action Illinois and Beyond Housing. St. Louis, Missouri.

"Fair Finance Research and Emerging CRA Coalition Issues." *Tools for Fair Finance Workshop*. Sponsored by Woodstock Institute, co-sponsored by Housing Action Illinois and Central Illinois Organizing Project. Peoria, Illinois.

"Working with Home Mortgage Disclosure Act Data." *Tools for Fair Finance Workshop*. Sponsored by Woodstock Institute, co-sponsored by Housing Action Illinois and Central Illinois Organizing Project. Peoria, Illinois.

"Working with the CRA Coalition." *Tools for Fair Finance Workshop*. Sponsored by Woodstock Institute, co-sponsored by Housing Action Illinois and Central Illinois Organizing Project. Peoria, Illinois.

"Oversight of the Office of Thrift Supervision." *Testimony before the U.S. House of Representatives Subcommittee on Oversight and Investigations.* Subcommittee on Oversight and Investigations. Washington, D.C.

June

"Evaluation of APPLE Loans Alternative Products to Payday Lending." *4th Latino Credit Union Conference & 32nd Annual Meeting*. National Association of Community Development Credit Unions. Durham, North Carolina.

"Building Sustainable Homeownership: Responsible Lending and Informed Consumer Choice." *Testimony before members of the Board of Governors of the Federal Reserve System.* Federal Reserve Bank of Chicago. Chicago, Illinois.

"High Cost Lending and Foreclosures in the Chicago Region." *Predatory Mortgage Lending: A South Side Community Forum*. Southside Community Development Credit Union. Chicago, Illinois.

July

"Raising the Profile of Household Debt in America." *Debt Matters: Raising the Profile of Household Debt in America*. Center for American Progress. Washington, D.C.

September

"Fair Finance Research and Emerging CRA Coalition Issues." *Tools for Fair Finance Workshop*. Housing Action Illinois Member Education Forum. Chicago, Illinois.

"A Lifetime of Assets - Asset Preservation: Trends and Interventions in Asset Stripping Services and Products." *A Lifetime of Assets: Building Families, Communities & Economies.* Corporation for Enterprise Development. Phoenix, Arizona.

October

"How Non-Governmental Organizations Influence Banking Policy." *Ukrainian Economic Development Presentation*. Open World Program. Chicago, Illinois.

"Avoiding High Cost Forms of Emergency Credit." *Omnibus TV Roundtable*. CAN-TV. Chicago, Illinois.

"Financial empowerment: The comparative role of financial education and regulation." National Net Impact Conference, Kellogg School of Management, Northwestern University. Evanston, Illinois.

November

"Research and Advocacy for Fair Finance." *College of Business and Technology Ethics day Conference*. Western Illinois University. Macomb, Illinois.

"Framing the Need for HB4050 (The Predatory Lending Database Pilot Program). Presentation to the Democratic Caucus, the Illinois General Assembly. Springfield, Illinois.

"Foreclosures and subprime lending in Chicago: Trends, opportunities and challenges." Presentation to the Democratic Caucus, the Illinois General Assembly. Springfield, Illinois.

"Connecting youth in low-income urban communities in Brazil to wider job markets: The case of the Caju community in Rio de Janeiro." *International Child Welfare Conference*. University of Chicago. Chicago, Illinois.

Collaborations and Memberships

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.

Bethel New Life Wealth Creation Task Force - A working group convened by Bethel New Life, a Chicago community development corporation, to identify strategies to promote wealth creation in the organizations West side service area.

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

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

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 practioners and coalitions working to improve national policy on CDFIs.

Chair, Membership Committee, Americans for Fairness in Lending (AFFIL) - Works to raise awareness of abusive credit and lending practices and to call for re-regulation of the industry. AFFIL is the collaborative effort of numerous organizations, each contributing their expertise to AFFIL and the public through a variety of outreach activities.

Consumer Advisory Council, Board of Governors of the Federal Reserve System - Woodstock Institute's Senior Vice President serves 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, Illinois 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, Policy Council, Citizen Action/Illinois - Oversees Citizen Action’s organizing and legislative efforts.

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 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.

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.

Website Development Committee, Americans for Fairness in Lending - Comprised of external relations staff from several economic justice organizations throughout the country, the committee is responsible for developing an implementation timeline and approving content for an upcoming fair lending media campaign.