

September 9, 2003

Ms. Kathryn Metcalf  
National Bank Examiner  
Office of the Comptroller of the Currency  
135 South LaSalle Street, Suite 1905  
Chicago, IL 60603

Dear Ms. Metcalf:

I am writing to you from Woodstock Institute in Chicago on behalf of the Chicago CRA Coalition. We appreciate this opportunity to provide written comments for LaSalle Bank N.A. and hope that they will be included in LaSalle's upcoming CRA examination.

We commend LaSalle for its achievements in extending home purchase loans to low-income and minority areas. Our analysis of 2001 HMDA data shows LaSalle scoring good market share ratios (ratios of its market share in low- and moderate-income (LMI) and minority tracts to its market shares in middle- and upper-income (MUI) and non-minority tracts respectively). The bank has achieved similarly good market share by income of tract in its small business lending and its loans to very small businesses.

However, we are concerned about five key issues which we would like to discuss: the overall poor performance with regards to lending to minority households; the low level of multifamily loan origination to minority and low-income borrowers; the lack of small business start-up loan products, and the inequitable distribution of bank branches. We are also deeply concerned with the OCC's apparent position that its examiners not analyze lending by race as part of the official CRA examination.

Woodstock Institute and the Chicago CRA Coalition appreciates the effort LaSalle has made in extending home purchase credit to borrowers of all income levels in a variety of neighborhoods. During 2001, LaSalle originated 12,294 home purchase loans, which represented 7.9 percent of the market. Of these 12,294 purchase loans, 1,979 were made to low- or moderate-income borrowers (8.51 of the LMI market) and 10,315 loans were made to middle- or upper-income borrowers (7.74 percent of the MUI market). This gives the bank a market share ratio of 1.10 for lending by income of census tract. In our view, a market share ratio at or above 1.0 indicates that a financial institution is making roughly equally effort in LMI/MUI tracts or Black/White, and Hispanic/White communities. LaSalle also originated 1,601 home purchase loans in minority concentrated areas, with a 7.9 percent market share of home purchase loans in these areas. These figures give LaSalle a market share ratio of 1.02 for concentrated minority tracts. These two results indicate that LaSalle has made a strong effort to serve the home purchase credit needs of low- and moderate-income borrowers, as well as borrowers located in areas with a high concentration of minorities.

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While we commend these results, we are concerned about LaSalle's lending patterns to African-American borrowers. LaSalle originated 10,184 home purchase loans in 2001, representing a 7.7 percent share of the metropolitan home purchase market. However, while LaSalle originated 8,155 of these to white borrowers (an 8.23 percent market share), only 680 were originated to African-American borrowers (a 5.07 percent market share) for a market share ratio of 0.62. We believe that, given LaSalle's size and market penetration, these figures should improve during the next assessment period. The Hispanic/White market share ratio was higher at 0.84.

These figures certainly invoke real concerns over the effort LaSalle has made to extend credit to minority borrowers. We are also greatly concerned about the apparent policy at OCC to disregard minority lending data (apart from violations of Fair Lending Laws) in CRA examinations. We believe that in keeping with both the letter and the spirit of the CRA regulations (12 CFR Part 25.11b1), the OCC should assess a bank's record of meeting the credit needs of its entire community, including minority borrowers, and ensure that this record is included in the bank's evaluation.

LaSalle's multifamily lending record shows similar results with regards to income, location, and racial or ethnic background. While LaSalle's overall multifamily lending activity increased from just 24 loans in 1999 to 383 in 2001, these loans were much less likely to be made to low- or moderate-income borrowers, borrowers in minority areas, or minority borrowers.

In 2001, LaSalle originated 15.6 percent of all multifamily loans to middle- or upper-income borrowers, while only originating 4.5 percent of loans to low- or moderate-income borrowers for a market share ratio of 0.29. Likewise, LaSalle possesses 14.7 percent of the multifamily market in non-minority areas and only 3.7 percent of the market in minority areas for a market share ratio of 0.25. We understand that one reason for these low-market share ratios is that the bank has made a major push in originating multifamily loans in the last few years in this market but the new effort seems to have been made mainly in MUI and majority neighborhoods. We also understand that LaSalle engages in some LMI multifamily lending through its investments in the Community Investment Corporation, (CIC).

In addition to mortgage lending, small business lending is an important component of community reinvestment. We would like to take this opportunity to recognize LaSalle for its participation in the Community Express Program. However, we would like to encourage LaSalle to aggressively market this product and increase its small business start-up loan activity. Given LaSalle's position as the fourth largest small business lender in Chicago, not including credit card companies, we believe LaSalle has a responsibility to originate more small business start-up loans.

Addressing the landscape of redevelopment, we believe that bank branch location is one of the primary indicators of an urban area's access to capital. While we commend LaSalle for its opening of the 1212 South Ashland Branch in 2002, we are concerned that LaSalle's bank branches in the Chicago metropolitan area are not well dispersed among low- and moderate-income ZIP codes or among ZIP codes with high minority concentrations.

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Seventeen point one percent of all Chicago area bank branches are located in low- or moderate-income ZIP codes, and 20.5 percent of bank branch locations are located in concentrated minority ZIP codes. LaSalle's bank branches, though they represent 5.8 percent of all bank branches in the Chicago metropolitan areas, are not as equitably dispersed as bank branches in general. Only 13 of the 117 LaSalle bank branches are located in low- or moderate-income ZIP codes (11.1 percent) and only 15 of the 117 (12.8 percent) branches are located in ZIP codes with high minority concentrations.

Once again, we believe LaSalle has shown excellent effort in its home purchase lending to low- and moderate-income borrowers. We also appreciate its continued participation in the Community Express small business lending program.

With this in mind, we would like to highlight LaSalle's need to concentrate on minority lending as measured by race of applicant, multifamily lending, small business start-ups, and bank branch distribution. We recognize that not all banks are able to provide all services, but given LaSalle's size and market penetration, these improvements would represent reasonable service to both its assessment area and its community.

Sincerely,

Malcolm Bush  
President

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