AN ASSESSMENT

OF

OLD KENT BANK-CHICAGO'S

COMMUNITY REINVESTMENT ACT

MATERIALS AND ACTIVITIES

PREPARED FOR

OLD KENT BANK-CHICAGO

BY

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AUGUST, 1989

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The Woodstock Institute

The Woodstock Institute is a not-for-profit organization based in Chicago. For the past sixteen years, the Institute has carried out applied research and developed and implemented programs which increase private sector investment in modest-income and minority communities for the benefit of those who live there. It designs programs which bridge the gap between the needs of communities and the resources of banks, savings and loan associations, foundations and others.

The Institute provides a variety of services to community-based organizations, financial institutions, foundations and government agencies, including applied research, policy analysis, program design and evaluation.

Jean Pogge
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PART I. INTRODUCTION

PART ONE

INTRODUCTION

In May, 1989, Old Kent Bank-Chicago requested the Woodstock Institute's assistance in reviewing its compliance with the Community Reinvestment Act (CRA) and strengthening its reinvestment performance. The Community Reinvestment Act was passed by Congress in 1977 with the purpose of ensuring that every financial institution takes the responsibility to help meet the credit needs of its community. As part of this process, each bank and savings and loan association must prepare an annual CRA statement which delineates its local community and identifies the ways in which the bank is helping to meet the credit needs of that community; it must post in its lobby a CRA Notice informing the public of its rights under CRA; and it must maintain a public file of all signed letters pertaining to the institution's CRA statement or lending performance.

Oversight of CRA compliance is the responsibility of banking regulatory agencies. These agencies regularly examine each institution to ensure compliance. In addition, any application by the bank for a deposit facility, including a branch, acquisition, merger, relocation, or establishment of a new holding company, may be protested or challenged by community organizations if they feel that the action will have adverse consequences on meeting community credit needs. During the past several years, these community protests and challenges have markedly increased, reflecting the increase in merger, acquisition, and interstate banking activity throughout the banking industry. More recently, the turndown of Continental Bank's acquisition of an Arizona bank, the issuance of the Joint Policy Statement on CRA and tougher evaluation of reinvestment performance by financial institutions all herald a new era of CRA standards and expectations.

Because of these trends, many financial institutions are now reviewing their community reinvestment records prior to embarking on expansion plans to ensure: 1) that they have established and maintained relationships with local community organizations, particularly low-income and housing advocacy groups; 2) that their CRA statements and other published materials accurately reflect their lending and other service to their communities; and 3) that they are meeting the credit needs of their community to the greatest possible degree, consistent with sound banking practices.

Project Goal and Description

Old Kent Bank-Chicago (referred to as "Bank") requested that the Woodstock Institute assess the Bank's compliance with both the letter and the spirit of the Community Reinvestment Act and identify ways for the Bank to better meet community credit needs, particularly those of the low and moderate income residents in its local community, within the parameters of sound business practices. Four major tasks were proposed to meet this goal:

1. Assess the Bank's current efforts to meet the credit and deposit needs within its service area. This includes a review of the Bank's: CRA statement; HMDA reports for 1987 and 1988; marketing materials; loan and deposit products; as well as the Bank's customer profile for both individuals and businesses.

2. Develop a reinvestment strategy that builds on the Bank's strengths and outlines how the Bank should proceed. This strategy includes:

    - a revised CRA statement;
    - methods for better documenting the Bank's CRA record;
    - the introduction of new loan and/or deposit products;
    - the need for a new staff position and a draft job description;
    - a new relationship with community institutions, organizations and/or local governments; and
    - targeted marketing efforts.

3. Identify communities and/or businesses that represent an opportunity for strengthening the Bank's reinvestment. Determine the particular credit and deposit needs for each community and/or business type.

4. Present the recommendations in an action format that can be used for immediate implementation.

This report contains the results of these four major tasks. Part One consists of an assessment of Old Kent's original CRA statement. A revised expanded CRA statement to be considered by the Bank is included in the Appendix.

Part Two consists of a proposed job description for a Community Affairs Officer to oversee the Bank's community reinvestment activities and compliance.

Part Three is a list of community institutions, organizations and local government agencies with which the Bank should be in regular contact regarding community credit needs.

Part Four contains a list of community reinvestment opportunities that the Bank might consider pursuing.

Part Five includes a targeted marketing strategy and a partial list of minority newspapers in Chicago that can be used for marketing a reinvestment program designed to serve low and moderate income and minority community residents.

Part Six is a management by objectives plan and process for implementing the Bank's community reinvestment strategies.

PART II. ANALYSIS OF OLD KENT BANK-CHICAGO'S CRA STATEMENT

PART TWO

ANALYSIS OF OLD KENT BANK-CHICAGO'S CRA STATEMENT

Old Kent Bank-Chicago's CRA statement is its public statement of its performance in serving the credit needs of its community. As such, it is important that the CRA statement clearly and accurately describes the needs of the community in such a way that would be recognized by both customers and regulators alike. It is also important that the CRA statement of the Bank fully reflect the ways in which the Bank has met community credit needs over the past year, and additional ways that the Bank and its personnel have served the community.

Overall, Old Kent's existing CRA statement represents a minimalist approach to satisfying the requirement to have a CRA statement. The statement includes only those components required by bank regulators for such a statement: a delineation of the Bank's local community, with a map; a list of the types of credit offered within this community; and a public notice about the operation of the Community Reinvestment Act. In conjunction with the Bank, the Institute drafted an expanded CRA statement that included information encouraged but not required by the legislation. The CRA statement was modified in seven critical ways designed to make the Bank more aware of community credit needs and more responsive to them:

1. Delineation of the Bank's local community--this section was expanded to include demographic and housing statistics for the area served by the Bank. This data collection and analysis represents an objective way for the Bank to document and determine the community's need for credit.

2. Loan products offered--this section was modified in two ways. First, the line of products offered to all residents and businesses in the community was expanded to include mortgages on mixed-use properties and rehabilitation mortgages (rehab and permanent financing in one package) because of the documented need for these products in the Chicago area. Secondly, the section was enhanced by adding short descriptions of each product so that prospective customers would more readily understand each one.

3. Old Kent's Community Affairs Policy was added to the statement to more fully communicate to prospective, new and old customers alike the Bank's philosophy toward the community in which it does business.

4. Contacts with community organizations and government agencies--these lists were added to demonstrate that the Bank is part of a network of organizations interested in spurring the development of the community it serves. By maintaining regular contact with these organizations, the Bank has established an independent means of determining community credit needs on an ongoing basis.

5. A summary report on the Bank's efforts to meet community credit needs has also been added to the statement. In this way, the Bank maintains a public record that is annually updated for documenting its reinvestment performance.

6. Finally, once the Bank selects a community reinvestment program that it wishes to pursue, a section describing the program and its goals, outlining how the program is administered and describing program achievements should be added.

A draft of Old Kent Bank-Chicago's revised CRA statement is included in the Appendix.

PART III. DESCRIBING A COMMUNITY AFFAIRS OFFICER'S JOB

PART THREE

DESCRIBING A COMMUNITY AFFAIRS OFFICER'S JOB

A community affairs officer is an essential staff position for any financial institution interested in improving its community investment performance. The primary responsibilities of this position fall into three broad areas: (1) to design and implement a community reinvestment strategy suited to the financial institution and the community it serves; (2) to act as the Bank's liaison with its local community; and (3) to ensure accurate and complete reporting of the institution's reinvestment activities. To be truly effective, the community affairs officer should be awarded lending responsibility and authority. This authority enhances the importance of the position/person in the community's eyes and makes the person that much more valuable to the Bank. The following job description was prepared to provide greater detail for the duties of this position.

JOB DESCRIPTION

COMMUNITY AFFAIRS OFFICER

Basic Function

The Community Affairs Officer (CAO) is responsible for maintaining Bank relations with its local community, especially low- and moderate-income and minority neighborhoods; designing and implementing the Bank's community reinvestment program/strategy; acting as a lending officer within the real estate division; marketing and promoting the community reinvestment program; and coordinating and preparing reports regarding the Bank's community reinvestment activities/performance.

The CAO reports directly to the Executive Vice President for the Commercial Banking Department, and will report to the Board of Directors at least semiannually.

Specific Responsibilities

A. **Reinvestment Program Design and Implementation**

Secure the support and cooperation of community based and institutional partners in the reinvestment program.

Develop a program design that meets the community's need for credit as well as the requirements of the Bank and all community partners assisting in the effort.

Act as the Bank's point person in the implementation of the program. Ensure that appropriate Bank personnel at all levels are well informed about the program and how it is designed to operate. Assume responsibility for resolving any problems that may arise as the program becomes operational.

Monitor lending activity under the program and make modifications, as necessary, to improve performance.

B. **Lending Responsibility**

Review applications for residential and commercial mortgages. Collect appropriate background documentation. Review loan package. Recommend appropriate disposition of applications.

C. Community Liaison

Develop and implement a regular calling program for appropriate Bank officers with local development corporations, community organizations, foundations and government agencies dedicated to community development and revitalization. These meetings should be designed to inform the Bank of changing credit needs and to assess the Bank's performance in meeting community credit needs.

Schedule presentations by Bank officers to representatives of the community targeted by the Bank through its reinvestment program/strategy. These presentations should describe the Bank's reinvestment program and how local residents/businesses/community organizations can avail themselves of it. Presentations should be made to local churches, financial institutions, schools/universities, block clubs, community coalitions, etc.

Maintain a close working relationship with all partners of the Bank's reinvestment program/strategy.

D. Public Relations

Work with the Bank's Marketing Department to market the community reinvestment program and communicate program results to various publics (Bank Board, Bank officers, community residents and business people, regulators, political leaders and other lenders).

In order to do this, the CAO must:

- approve promotional materials (i.e. brochures, flyers, slide shows) developed by the marketing division to market the program;
- develop and maintain good working relationships with community organizations, political leaders, regulators, civil servants and other lenders;
- seek out opportunities to publicize positive developments in the program and work with the marketing division to stage announcements; and
- work within existing community networks.

E. Community Reinvestment Reports

Develop a CRA plan to be implemented by the Bank's Board, officers and line staff. Monitor the plan's implementation.

Coordinate the preparation of reports regarding the Bank's community reinvestment activities/performance.

Qualifications

Qualified candidates must have:

- an undergraduate degree;

- three to five years experience as a lending officer with progressively increasing responsibilities;

- strong written and oral communications skills;

- problem-solving and analytical skills;

- strong drive and initiative.

Ideal candidates would also have:

- knowledge of Chicago communities, especially low- and moderate-income and minority communities, and their community development activities;

- familiarity with key Chicago local development corporations and community based organizations;

Minority candidates are encouraged to apply.

Salary

Commensurate with experience and qualifications.

PART IV. MAINTAINING REGULAR CONTACT WITH COMMUNITY ORGANIZATIONS AND GOVERNMENT AGENCIES

PART FOUR

MAINTAINING REGULAR CONTACT WITH COMMUNITY ORGANIZATIONS AND GOVERNMENT AGENCIES

While collecting statistical data on the population, housing, business and employment characteristics of a community is an important means for determining community credit needs, in and of itself it is not sufficient. Financial institutions interested in learning the dynamics behind the numbers or recent changes since the data was collected must be in regular contact with local organizations, institutions and government agencies who will be able to inform them of recent developments or changes in community credit needs.

A list of private, nonprofit organizations and public agencies specializing in community residential and economic development in Chicago has been developed as a starting point for learning about community credit needs. These organizations operate at a city wide level. Once the Bank selects a specific community reinvestment strategy, this list can be expanded to include the names of organizations operating in that community (or communities).

Private, Nonprofit Organizations

Chicago Association of Neighborhood Development Organizations (CANDO)
343 South Dearborn, Suite 910
Chicago, IL 60604

Contact: Ted Wysocki, Executive Director
939-7171

CANDO is a city-wide membership group for nonprofit neighborhood development organizations dealing with economic development (both commercial and industrial) issues. Some of their members also have a housing development thrust. CANDO works with all its members to increase their ability to undertake development projects and to help arrange financing for them. CANDO has the ability to package loans.

Chicago Rebab Network
53 W. Jackson Blvd., Suite 1140
Chicago, IL 60604

Contact: David Hunt, Executive Director
663-3936

The Rehab Network is also a city-wide membership group but its nonprofit members focus on the rehabilitation of multi-family housing in the city for low- and moderate-income residents. The Network has the ability to package loans for its members which it then submits to the Neighborhood Lending Programs of the larger Chicago banks.

The Cosmopolitan Chamber of Commerce
1321 S. Michigan Ave., #100
Chicago, IL 60605

Contact: Consuelo (Connie) Williams, Executive Director
786-0212

The Cosmopolitan Chamber of Commerce is a city-wide chamber of black businesses. It may be an important contact for learning the financing needs of minority businesses.

Latin American Chamber of Commerce
203 N. Wabash Ave.
Chicago, IL 60601

Contact: Mr. Calderon (interim director)
782-4211

The Latin American Chamber is a state-wide chamber of Hispanic businesses. The Chamber counts 500 businesses among its membership, the majority of which are located in the Chicago area.

Local Initiatives Support Corporation (LISC)
118 N. Clinton St.
Chicago, IL 60606

Contact: Andrew Ditton, Vice President or
Marvin Cohen, Program Director
559-9820

LISC is a nationwide organization based in New York that channels private-sector financial and technical resources to nonprofit community-based organizations involved in development. Nationally, LISC operates the National Equity Fund (modeled after Chicago's Equity Fund) to finance low-income housing production. National LISC also operates the Local Initiatives Managed Assets Corporation (LIMAC) which purchases loans from community development loan packagers, issues securities backed by these pools of mortgages and then sells them through private placement. Chicago LISC participates in both of these programs but also operates the Economic Development Initiatives (EDI) program that is designed to train community developers in Chicago to undertake development projects. The program trains the executive staff and provides the local development corporation with funds to hire project management staff as well as to finance the project itself. EDI has been funded by a special $12 million grant from the MacArthur Foundation. LISC focuses on residential, commercial and, to a lesser extent, industrial development.

Neighborhood Housing Services (NHS) of Chicago
747 N. May Street
Chicago, IL 60622

Contact: Bruce Gottschall, Executive Director
738-2227

NHS also operates nationally and focuses primarily on revitalizing owner-occupied housing in moderate income neighborhoods. Recently it has broadened its scope to focus on multi-family rental housing and the preservation of affordable housing. NHS operates its own pools of funds that are raised from corporations and foundations--many of these funds are available at subsidized rates and are blended with market-rate loans to lower their costs. NHS has an affiliate, NHS of America (NHSA), that ala LIMAC sells securities backed by community development loans through private placement as a means of recycling funds for community development. NHS of Chicago operates in seven Chicago neighborhoods (Roseland, Austin, Little Village, Douglas/Marshall Square, East Garfield, West Englewood and Humboldt Park) and has the capacity to prepare loan applications. NHS-Chicago already administers Continental Bank's Neighborhood Investment Program.

Government Agencies

Chicago Department of Planning (DOP)
121 N. LaSalle Street, Room 1000
Chicago, IL 60602

Contact: David R. Mosena, Commissioner
744-4471

The Department of Planning through its Neighborhood Planning Division undertakes neighborhood planning processes in predominantly low- and moderate-income neighborhoods across the city. Their planning focuses on residential, commercial and industrial development as well as open space and facilities planning. **The Boulevard Plan** was prepared by this department. Their knowledge of community planning efforts may give the bank the chance to get involved in a neighborhood development project at inception.

Chicago Department of Economic Development (DED)
24 E. Congress Pkwy., Suite 600
Chicago, IL 60606

Contact: Joseph J. James, Commissioner
408-7400
Gene Armstrong, Deputy Commissioner, Financial Assistance to Business
Rodrigo Del Canto, Deputy Commissioner, Physical Development

DED should be a very good source of information regarding the needs among minority and small businesses for financing. The Physical Development Division can also provide information regarding actual neighborhood development projects that are being pursued by the department and ways the bank may be able to participate in financing such projects.

Chicago Department of Housing (DOH)
318 S. Michigan Ave.
Chicago, IL 60604

Contact: Michael F. Schubert, Commissioner
922-7922
(Mr. Schubert was the Assistant Director of NHS-Chicago before being appointed Commissioner by Mayor Daley.)

DOH should be a very good source of information regarding the financing needs of low- and moderate-income homebuyers and rehabbers. The department can also make you aware of any housing development projects being undertaken in low- and moderate-income neighborhoods and their financing needs.

The Economic Development Commission (EDC)
1503 Merchandise Mart
Chicago, IL 60654

Contact: Joe Abel, Executive Director
744-9547
Ron Gidwitz, Chairman (CEO of Helene Curtis)

The Economic Development Commission is comprised of private businessmen and two City Commissioners (DOP and DED) appointed by the Mayor to advise him on economic development policy in the city. The EDC has recently taken a very active role in promoting business, commercial and industrial development and is, in fact, trying to develop three modern industrial parks within the city limits.

Illinois Department of Commerce and Community Affairs (DCCA)
100 W. Randolph Street
Chicago, IL 60601

Contact: Jay Hedges, Director
917-7179

DCCA is the state agency charged with stimulating and supporting local economic development efforts. This agency should serve as a good source of information regarding economic development efforts outside the city of Chicago.

Illinois Development Financing Authority (IDFA)
2 North LaSalle Street, Suite 980
Chicago, IL 60602

Contact: Ronald Bean, Executive Director
793-5586

Illinois Housing Development Authority (IHDA)
401 North Michigan Avenue
Chicago, IL 60602

Contact: Peter Dwars, Director
836-5200

IHDA is the state agency charged with supporting local housing development efforts. IHDA has bonding authority and has helped finance projects in Chicago and across the state. IHDA has been charged with administering the Low-Income Housing Trust Fund established by the Illinois General Assembly this past spring.

PART V. SEEKING COMMUNITY REINVESTMENT OPPORTUNITIES

PART FIVE

SEEKING COMMUNITY REINVESTMENT OPPORTUNITIES

Old Kent Bank-Chicago has expressed the desire to create a community reinvestment program that would bear Old Kent's mark and be associated with it in a special way. The following opportunities have been identified for preliminary consideration by Old Kent. Each represents the chance to create a reinvestment strategy targeted to predominantly low- and moderate-income communities where interest has been expressed by local residents in improving local conditions.

The proposed opportunities fall into three categories. The Boulevard program represents an opportunity for the bank to establish a reinvestment program that operates at a citywide level and yet is limited in scope. This is important to Old Kent, because unlike larger downtown banks, its size limits the amount of lending it can do thereby preventing it from truly operating in all low- and moderate-income communities in the city.

The second option is for the Bank to target one or two specific communities where it would intensely market its products and services. Two neighborhoods are proposed but it should be recognized that they are only two of many that could be the Bank's focus.

The final option represents an example of how public deposits can be used and linked to the creation of special lending programs. In this instance, a lending program for minority businesses is proposed. However, public deposits have been used to establish residential and commercial real estate lending programs as well.

1. **The Boulevard Program**

Bounded by: See attached map. Chicago's historical boulevard system encircles the city running through what today is considered the inner city. Eighty percent of the communities adjacent to the boulevards are predominantly low- and moderate-income; the racial mix of residents along the boulevards reflects that of the city. The boulevards are a unique feature in Chicago as important to the city as its lakefront and skyline.

Possible Partners: Neighborhood Housing Services of Chicago, CANDO, other banks, corporations, Chicago Departments of Planning, Housing and Economic Development, and a multitude of community organizations and institutions along the system.

Financing Needs: Single-family mortgages, multi-family mortgages, home improvement loans, rehab loans for multi-family structures, construction financing for residential and commercial development, real estate loans for mixed-use structures, and commercial lending (real estate and business development).

2. **Target Community (Communities)**

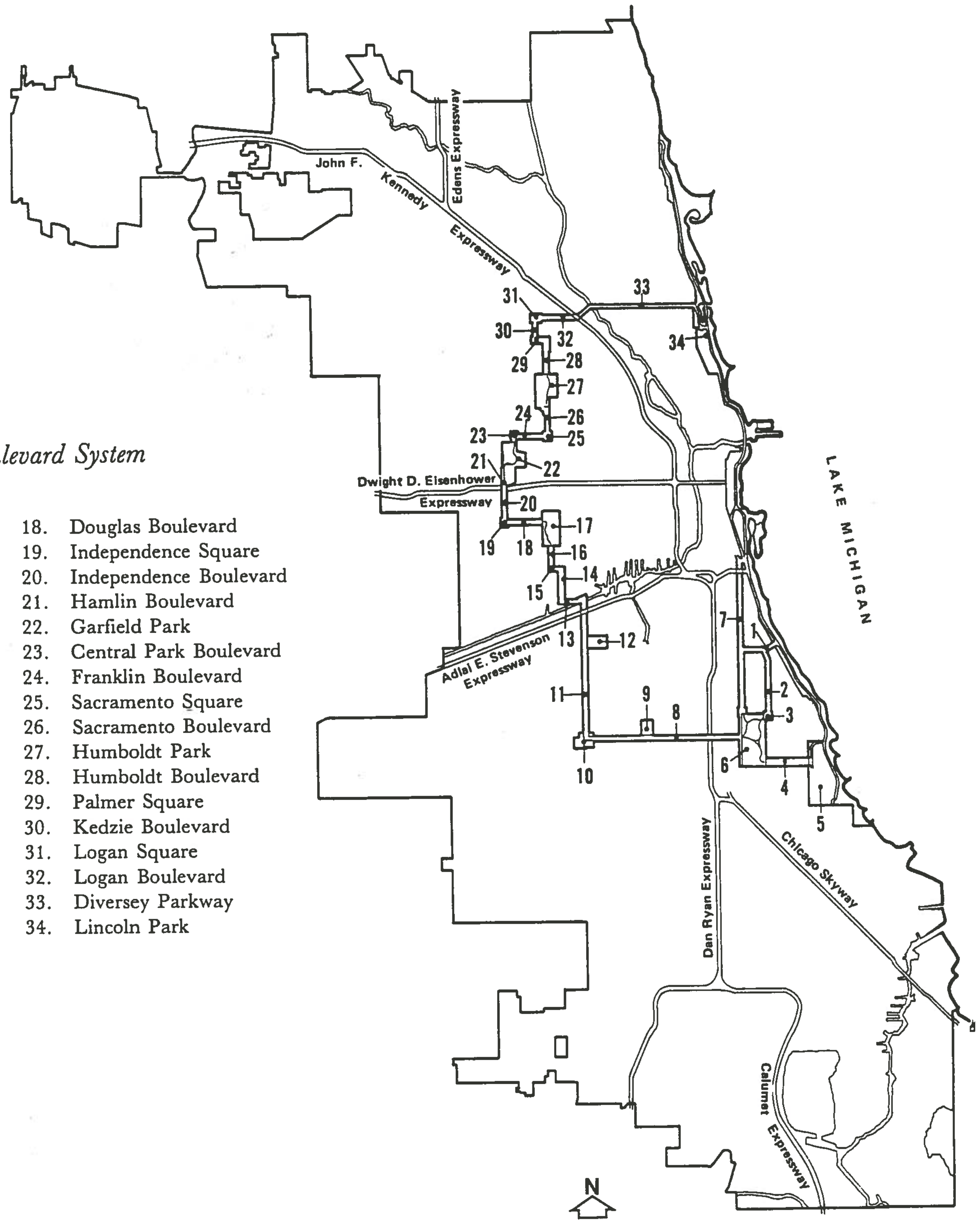
The bank may also want to consider targeting one or two specific communities by working in partnership with local organizations and institutions to increase investment for the benefit of current residents. Two potential communities are proposed but the opportunity for targeting a neighborhood is much more expansive.

a. The Gap Community

Bounded by: 31st and 35th Streets, Michigan Avenue and King Drive. The Bank may want to extend the southern boundary to 39th or 43rd Street as a means of capturing more low- and moderate-income residents and having a greater impact.

Possible Partners: Illinois Institute of Technology, The Gap Organization, G.R.E.A.T., Chicago Urban League Development Corporation, Pilgrim Missionary Baptist Church, Centers for New Horizons, and Indiana Pentecostal Church.

Financing Needs: Single-family mortgages, multi-family mortgages, home improvement loans, rehab loans for



Chicago's Primary Boulevard System

1. Oakwood Boulevard
2. Drexel Boulevard
3. Drexel Square
4. Midway Plaisance
5. Jackson Park
6. Washington Park
7. King Drive
8. Garfield Boulevard
9. Sherman Park
10. Gage Park
11. Western Boulevard
12. McKinley Park
13. 31st Boulevard
14. California Boulevard
15. 24th Boulevard
16. Marshall Boulevard
17. Douglas Park
18. Douglas Boulevard
19. Independence Square
20. Independence Boulevard
21. Hamlin Boulevard
22. Garfield Park
23. Central Park Boulevard
24. Franklin Boulevard
25. Sacramento Square
26. Sacramento Boulevard
27. Humboldt Park
28. Humboldt Boulevard
29. Palmer Square
30. Kedzie Boulevard
31. Logan Square
32. Logan Boulevard
33. Diversey Parkway
34. Lincoln Park

multi-family structures, construction financing for new housing development.

b. Back of the Yards/Englewood

Bounded by: 43rd Street, Garfield Boulevard, Western Boulevard and Halsted Street.

Possible Partners: Drovers Bank, UNO-Back of the Yards, local development corporation (in formation), catholic parishes, and possibly four other financial institutions located in the neighborhood.

Financing Needs: Single-family mortgages for space-heated homes and non-conforming structures, multi-family mortgages, home improvement loans, rehab loans for multi-family structures, and construction financing for residential development.

3. Chicago Park District Linked Deposit

The Chicago Park District is considering linking the deposit of certain public funds to reinvestment activity on the part of a depository institution. The Chicago Park District has a particular interest in assisting minority contractors with which it does business. This program would require a bank to front cash to these businesses using their Chicago Park District contract as collateral to enable them to undertake the work.

PART VI. MARKETING LOAN PRODUCTS

PART SIX

MARKETING LOAN PRODUCTS

A marketing program is critical to generating demand for the Bank's products. Without a marketing program, the Bank should expect to see no change in the volume or distribution of its lending except those brought about by changes in local and national economic conditions. A well developed marketing strategy will include advertising in community newspapers, brochures on the reinvestment program as well as presentations and outreach to individuals, businesses and organizations in the targeted community (communities).

Old Kent's marketing program will depend largely upon the particular community reinvestment strategy the Bank decides to pursue. Nevertheless, the Bank's marketing efforts could be organized in two tiers with the following components:

General Outreach

- Quarterly or semi-annual ads placed in broadly distributed minority papers promoting residential mortgage products.
- Brochures--in addition to the current set of brochures, the Bank should either supplement existing brochures or add new ones covering FHA/VA mortgages and SBA loans. These should be distributed to all public and private agencies with which the Bank has contact and should be displayed in the lobby.
- Direct Calling Program/Periodic Presentations--Old Kent should develop a schedule for calling on small business and non-profit development organizations to discuss its loan products and the application process to generate demand for them.

Outreach Tailored to a Specific Community Reinvestment Strategy

- Place regular ads in community newspaper(s) serving the area targeted by the Bank through its community reinvestment program.
- Certified Loan Packager--establish an agreement with one or more nonprofit entities capable of packaging loans for the community (communities) targeted by the investment program.

- Bank Outpost--send a loan officer to work out of a community facility one day per week (per two weeks? per month?) to assist interested applicants.

- Develop a brochure describing the reinvestment program and distribute it broadly to community residents and business people.

- Make periodic presentations on the reinvestment program to organizations, residents and business people in the target community.

- Establish a community reinvestment advisory committee comprised of Bank and community representatives to review program achievements and recommend improvements.

Minority Newspapers

Listed below are several papers serving the Black and Hispanic communities in Chicago. Once the Bank selects a community reinvestment strategy, this list can be augmented and/or tailored to better suit the strategy. For example, only one paper serving the Black community is listed because it is the only one that enjoys citywide circulation. If the Bank selects a particular community (or communities) for reinvestment, newspapers serving those communities can and should be identified and used.

The Chicago Daily Defender (Black)
2400 S. Michigan Ave.
Chicago, IL 60616

La Raza Publication (Hispanic--predominantly Mexican)
3909 N. Ashland Ave.
Chicago, IL 60613

El Heraldo Newspaper (Hispanic)
3740 W. 26th Street
Chicago, IL 60623
521-8300

El Manana (Hispanic)
2700 S. Harding Ave.
Chicago, IL 60623

West Side Times/Lawndale News
2711 W. Cermak Road
Chicago, IL 60608

(This paper is a majority paper that can publish in both Spanish and English. It enjoys broader circulation than any of the Hispanic papers except for possibly La Raza. It has the added advantage of providing access to low- and moderate-income residents who speak only English. They circulate in the predominantly Mexican communities of the Lower West Side and South Lawndale.)

PART VII. ADOPTING A CRA MANAGEMENT PLAN AND PROCESS

PART SEVEN

ADOPTING A CRA MANAGEMENT PLAN AND PROCESS

The Bank has now developed an expanded CRA statement, hired a community affairs officer and selected a community reinvestment strategy. How does it ensure that everything it has proposed to do is actually undertaken and completed? The following CRA Management Plan and Process Report was developed to assist Old Kent Bank-Chicago in monitoring progress on the CRA objectives and tasks it has set for itself.

The report is formatted as a management-by-objectives chart. This chart includes the Bank's stated objectives, the major tasks to achieve the objectives, who in the Bank is responsible for each task and a target completion date (to be filled in). Bank personnel should be required to provide a status report on their tasks on a monthly or bimonthly basis to the Community Affairs Officer (CAO). The CAO should review the report to spot delays and ensure that steps are taken to remove any obstacles to achieving each objective.

OLD KENT - CHICAGO CRA MANAGEMENT PLAN AND PROCESS

Objective/Major Tasks	Persons Responsible	Completion Date	Status
A. Revise and broadly distribute Old Kent-Chicago's CRA statement.			
1. Draft an expanded CRA statement.	Woodstock, Reidy		
2. Ask Old Kent-Chicago staff and Federal Reserve examiners to review the expanded statement.	Reidy		
3. Revise expanded statement per internal and external comments.	Reidy		
4. Print a CRA statement in a brochure format.	Marketing		
5. Distribute copies of the statement to all Bank personnel.	Reidy, Thornburg		
6. Place copies of the brochure in all of the Bank's display racks.	Marketing		
7. On an annual basis, have the Board review and modify the CRA statement.	CAO, Reidy, Thornburg		
B. Ascertain the credit needs of the community served by Old Kent-Chicago, particularly low- and moderate- income areas within our community.			
1. Obtain and analyze population and housing data on our community. (Woodstock)	Woodstock		

Objective/Major Tasks	Persons Responsible	Completion Date	Status
2. Identify local development organizations, community organizations, foundations, public agencies and individuals to be contacted regarding community credit needs.	Woodstock, Reidy		
3. Develop a schedule for regularly calling on these people/agencies.	CAO		
4. Assign responsibility for meeting with each targeted person/organization to Old Kent-Chicago personnel.	Reidy		
5. Conduct meetings.			
C. Hire a Community Affairs Officer (CAO) for the Bank.			
1. Develop a job description for a CAO.	Woodstock		
2. Advertise the position in a major Chicago daily newspaper, via minority recruiting organizations, in appropriate Chicago community development newsletters and via word-of-mouth.	Reidy		
3. Screen and interview candidates.	Woodstock, Pirko, Reidy		
4. Hire a qualified person for the position.	Reidy		

Objective/Major Tasks	Persons Responsible	Completion Date	Status
D. Design and implement a community reinvestment program for Old Kent-Chicago.			
1. Identify a community reinvestment concept that is attractive to and feasible for Old Kent-Chicago to implement.	CAO		
2. Secure the support and cooperation of community based and institutional/corporate partners in the reinvestment program.	CAO, Reidy, Thornburg, Board		
3. Develop a program design that meets the community's need for credit as well as the requirements of the Bank and all partners assisting in the effort.	CAO, Woodstock		
4. Present program to Board for review and approval.	CAO, Reidy, Thornburg		
5. Ensure that appropriate Bank personnel at all levels are well informed about the program and how it is designed to operate.	CAO		
6. Develop promotional materials in conjunction with community partners to publicize program.	Marketing		
7. Revise CRA statement to include targeted reinvestment initiative and seek board approval of revised statement.	CAO		

Objective/Major Tasks	Persons Responsible	Completion Date	Status
8. Resolve any problems that may arise as the program becomes operational.	CAO		
9. Monitor lending activity under the program and make modifications, as necessary, to improve performance.	CAO		
10. Seek out opportunities to publicize positive developments or milestones in the program.	CAO, Marketing		
11. Maintain a close working relationship with all partners of the Bank's reinvestment program.	CAO		
E. Develop credit products, policies and procedures to meet the needs of low- and moderate- income communities.			
1. Review loan policies and procedures to be certain that our credit criteria do not have the effect of discriminating against low- and moderate- income communities and to ensure their credit needs are being met. (In particular, focus on such things as loan-to-value ratio; debt-to-income ratio; and bank policy toward nonconforming properties.)	CAO, Pirko, Bernhardt		
2. Recommend changes to policies and procedures.	CAO, Pirko, Bernhardt		

OLD KENT - CHICAGO CRA MANAGEMENT PLAN AND PROCESS

Objective/Major Tasks	Persons Responsible	Completion Date	Status
3. Inform Board of changes.	CAO, Reidy		
4. Implement any changes to current policies.	CAO, Marketing		
5. Incorporate information on new policies and procedures in Bank marketing materials.	CAO, Marketing		
F. Design and implement a process for improved CRA performance by the Bank and better monitoring of that performance.			
1. Design a CRA management plan to be implemented by the Bank's Board, officers and line staff.	Woodstock		
2. Inform Board of the plan.	Reidy, Thornburg		
3. Train the Board, officers and line staff as to the spirit and letter of the CRA and as to the new CRA plan.	CAO, Reidy, Thornburg		
4. Review and revise past CRA reporting practices and documents to ensure that CRA reports actually capture all of the Bank's activities under CRA (i.e., HMDA reports lack data on lending for multi-family residential structures;			

Objective/Major Tasks	Persons Responsible	Completion Date	Status
institute procedures for capturing loans to minority businesses, businesses located in minority communities and businesses with annual sales of less than $5 million; establish procedures for geo-coding all types of credit which are extended.)	CAO		
5. Review and revise the Bank's marketing materials to include information on loan products that may be of particular inerest to low- to moderate- income communities (i.e., community reinvestment program; SBA, FHA, and VA loans; and new loan products: loans on mixed-use structures and rehabilitation mortgages).	CAO, Pirko, Bernhardt, Marketing		
6. Report at least semiannually to the Board regarding the Bank's CRA performance.	CAO, Reidy, Thornburg		
7. Coordinate the preparation of reports regarding the Bank's community reinvestment activities/performance.	CAO		
8. Monitor the plan's implementation.	CAO		

PART VIII. APPENDIX

COMMUNITY REINVESTMENT ACT STATEMENT

FOR

OLD KENT BANK-CHICAGO

Sears Tower

Chicago, Illinois 60606

September, 1989

APPENDIX

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INTRODUCTION

INTRODUCTION

This is an updated and revised Community Reinvestment Act statement for Old Kent Bank as required by the Community Reinvestment Act of 1977 (Title VIII of the Housing and Community Development Act of 1977, Public Law 95-128). The statement is presented to the public and the Federal Reserve Bank of Chicago, the federal regulatory agency charged with implementation of the Act for insured member banks. The purpose of the statement is to provide means by which the Federal Reserve can determine whether its member institutions are meeting:

> their continuing and affirmative obligation to help meet the credit needs of their communities, including low- and moderate-income neighborhoods, consistent with safe and sound operation of such institutions.

As required, this statement was adopted by the Board of Directors of the Bank at its meeting of September, 1989. This is the eleventh year the Board has reviewed and modified this statement; it will continue to do so annually.

The Statement includes the following required components:

- a delineation of the Bank's local community, with a map;
- a list of the types of credit offered within this community; and
- a public notice about the operation of the Community Reinvestment Act.

In addition, the Statement has been expanded to include information encouraged but not required by the legislation:

- a statement of Old Kent's Community Affairs Policy;
- efforts made by the Bank to ascertain community credit needs;
- special steps taken by the Bank to help meet the community's credit needs; and
- a summary review of the Bank's community reinvestment performance.

THE COMMUNITY WE SERVE

THE COMMUNITY WE SERVE

Delineation

For the purpose of this statement, Old Kent Bank considers its community to be the six-county region of Northeastern Illinois namely, Cook, DuPage, Lake, McHenry, Kane and Will counties. Special emphasis is placed on Chicago because of our physical presence in that city.

Description

This six county area is home to 7.1 million residents and is a challenging area within which to offer financial and credit services because of the great variety found within its boundaries. The racial composition of the region's population is 73% white, 20% black, 8% Hispanic and 2% other. In 1980, median family income for the region stood at $24,539. While accurate, these numbers mask the great disparities that exist among the many communities that comprise the region.

Almost half (42%) of the northeastern Illinois region's population resides within the city of Chicago. While Blacks, Hispanics and other minority groups comprise only 30% of the region's population, they tend to be concentrated in Chicago and its inner ring of suburbs and tend to represent a more significant subset of the population in these localities. In Chicago, these groups make up 40%, 14%, and 3% respectively of the population. Other communities such as Robbins, Ford Heights and Harvey are almost completely minority communities. Similar imbalances exist with respect to median family income in the region. Median family income ranges from a low of $11,240 in Ford Heights to a high of $66,950 in Kenilworth. Chicago's median income in 1979 was $18,776.

The region's housing stock breaks out as follows:

o	Single-Family (1 unit)	1,373,726	52%
o	Multi-Family (2-9 units)	847,366	32%
	(10+ units)	395,633	15%
o	Mobile Home/Trailer	18,910	1%
	Total Year Round Units	**2,635,635**	**100%**

In 1980, 33% of the residential structures in the region were built prior to 1939. The region's median housing value was $65,800 and 57% of all occupied units were owner-occupied. Again, however, the statistics conceal the diversity and complexity of housing patterns that characterize the region. In

Chicago, for example, the housing stock consists of a much lower percentage of Single-Family homes (29%) and a much higher mix of multi-family structures (71%). The actual numbers are as follows:

o	Single-Family (1 unit)	340,167	29%
o	Multi-Family (2-9 units)	603,689	51%
	(10+ units)	228,199	19%
o	Mobile Home/Trailer	1,703	.15%
	Total Year Round Units	**1,173,758**	**100%**

Even if one broadens the definition of Single-Family to include structures with 2-4 units in them, fully 42% of Chicago's housing units are located in structures with 5 or more units in them as compared to 31% for the region. Other communities with a high percentage of their residential units located in multi-family (5 or more) structures include: Justice (54%), Chicago Ridge (62%) and Oak Brook Terrace (64%).

A striking contrast can also be found in the age of the housing, median housing values and owner-occupancy if one compares Chicago to the region. In Chicago, 52% of the housing units were built prior to 1939. Thirty-six percent of Chicago's units are owner-occupied and the median housing value is $47,200. Median housing values range from a low of $24,900 in Robbins and $25,600 in Ford Heights to $200,100 in Oak Brook and Kenilworth.

All of these statistics are necessary to understand the credit needs of the region. The socioeconomic data provide an indication of which communities or populations may need special credit products, and possible financial counseling, in order to purchase a home. The data regarding the local housing stock also points out how the need for different types of loan products will vary by community because of the type of housing that characterizes each community.

LOCAL COMMUNITY MAP

LOCAL COMMUNITY MAP

TYPES OF CREDIT OFFERED

TYPES OF CREDIT OFFERED

With due regard to safe and sound banking practice, Old Kent Bank makes the following types of credit services available to all qualified individuals and businesses within its community. The opportunity to secure credit from Old Kent is available to all regardless of their age, race, color, sex, religion and/or national origin.

Auto Loans	Installment loans for automobile purchase.
Consumer Loans	Both secured and unsecured loans for a variety of purposes. These may be on an installment or single payment basis depending on the amount, duration and purpose.
Home Equity Loans	A check-activated line of credit that is secured by a mortgage on the borrower's primary residence.
Home Improvement Loans	Rehabilitation loans for single-family properties secured by a mortgage on the property.
Home Mortgages	Conventional home mortgage loans on residential properties of up to four units secured by a first mortgage on the property. Loans are available up to 95% of the appraised value of the home with private mortgage insurance. FHA/VA mortgages are also offered by the Bank.
Mixed-use and Commercial Real Estate Mortgages	Construction, rehabilitation and permanent financing for mixed-use and commercial properties secured by a first mortgage on the property.
Rehabilitation Mortgages	Rehabilitation and permanent financing (in one package) of single-family and multi-family rental properties secured by a first mortgage on the property.
Small Business Loans	SBA guaranteed loans and/or secured or revolving credit to businesses with annual sales between $1-5 million in size. Loans are for normal business requirements, principally working capital or capital equipment.

Student Loans	Government-guaranteed loans to students, loans to parents to provide additional funding for education and supplemental loans to students at market rates.

OLD KENT: A BANK THAT CARES ABOUT COMMUNITY

OLD KENT: A BANK THAT CARES ABOUT COMMUNITY

Because of its present location in and its historic affiliation with Chicago, Old Kent feels a special responsibility to meet the financial service and credit needs of Chicago residents and businesses. The Bank recognizes that the vitality of a community's economy depends upon the flow of credit to purchase and sell homes, to finance repairs and improvements, to rehabilitate apartment buildings, to operate and expand small and large businesses alike and to educate our children. It is the policy of Old Kent to find and develop such opportunities for improving the quality of community life and advancing local business. Consequently, it has adopted the following approaches to learn the credit needs of this community, especially its low- and moderate-income neighborhoods, so as to better fulfill its reinvestment responsibility. Members of the Bank's community are encouraged and welcome to contact us directly to inform us of community credit needs and how we might respond to them.

Contacts and Contributions--Community Organizations

From long and valued experience, Old Kent Bank-Chicago knows that its success is tied to the success of the communities it serves. Therefore, it is committed to being an active partner in improving its local communities by being prepared to help foster their development. Old Kent Bank-Chicago expects its officers to stay in touch with city-wide and community-based organizations and, through such outreach, to bring community credit needs and means of addressing them to the Bank's attention. Old Kent Bank-Chicago officers are members of various organizations to ensure that the Bank is apprised of financing needs for residential, commercial, industrial and business development purposes in the Chicago area. In addition, the Bank realizes that active community involvement calls for economic support and the Bank provides this through grants, membership dues and investments in local institutions and organizations dedicated to making Chicago a better place to live and work.

Examples of the Bank's outreach and/or financial support include:

Bethel New Life
Chicago Association of Neighborhood Development Organizations (CANDO)
Chicago Council on Urban Affairs
Chicago Equity Fund
Chicago Rehab Network
The Cosmopolitan Chamber of Commerce
Community Investment Corporation

Greater Metropolitan Chicago Community Development Corporation
Greater Southwest Development Corporation
The Latin American Chamber of Commerce
Local Initiatives Support Corporation (LISC)
Metropolitan Planning Council
Neighborhood Housing Services
North River Commission (LADCOR)
Woodstock Institute

Bank Contacts With Government Agencies

Old Kent also maintains regular contact with the following government agencies, that have a special interest in and knowledge of community reinvestment.

Chicago Department of Planning
Chicago Department of Housing
Chicago Department of Economic Development
Illinois Housing Development Authority

MEETING COMMUNITY CREDIT NEEDS: A STATUS REPORT

MEETING COMMUNITY CREDIT NEEDS: A STATUS REPORT

In an effort to better publicize its community reinvestment performance and open this performance to broader public review and comment, Old Kent hereby incorporates data about the volume of new loans made in low- and moderate-income communities over the past year.

Community Reinvestment Program

(Once the Bank selects a community reinvestment program that it wishes to pursue, it should insert a section here that describes the program and its goals, outlines how the program is administered and describes achievements specific to the program.)

Real Estate Loans

The Bank has made a $250,000 equity investment in the Chicago Equity Fund's 1989 Partnership. In addition, the bank recently doubled its loan commitment (from $750,000 to $1,500,000) to the Community Investment Corporation. Both of these organizations dedicate themselves to producing housing affordable to low- and moderate-income residents of the City.

The year 1988 saw a continuation of the growth in Old Kent Bank-Chicago's real estate loans in census tracts designated as being predominantly low- to moderate-income.

	Residential	Commercial	Total
1985	$ 401,900	$ 922,000	$1,323,900
1986	507,350	964,455	1,471,805
1987	996,000	1,992,600	2,988,600
1988	2,661,000	1,270,750	3,932,650

Student Loans

In 1988, Old Kent Bank-Chicago once again ranked among the top ten Illinois bank lenders in new student loan volume. The Bank lent a total of $1,949,890 (1,011 loans) to students in the Chicago area.

Over 53% of the new borrowers in 1988 had a low- to moderate-income area home address.

COPY OF COMMUNITY REINVESTMENT ACT NOTICE

COMMUNITY REINVESTMENT ACT NOTICE

The Federal Community Reinvestment Act (CRA) requires the Federal Reserve Board to evaluate our performance in helping to meet the credit needs of this community, and to take this evaluation into account when the Board decides on certain applications submitted to us. Your involvement is encouraged.

You should know that:

Your may obtain our current CRA statement for this community in this office.

You may send signed, written comments about our CRA statement on our performance in helping to meet community needs to Federal Reserve Bank of Chicago, 230 South LaSalle Street, Chicago, Illinois 60690. Your letter, together with any response by us, may be made public.

You may look at a file of all signed, written comments received by us within the past two years, any response we have made to the comments and all CRA Statements in effect during the past two years at our office located in the Sears Tower, 233 South Wacker Drive, Chicago, Illinois 60606.

You may ask to look at any comments received by the Federal Reserve Bank of Chicago.

You also may request from the Federal Reserve Bank of Chicago an announcement of applications covered by the CRA filed with the Federal Reserve System.

We are a subsidiary of Old Kent, a bank holding company. Applications filed by bank holding companies that are covered by the CRA are included in the Federal Reserve announcement of applications referred to in the previous paragraph.

SOURCES FOR DATA CONTAINED IN THE CRA STATEMENT

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Summary Characteristics for Government Units and Standard Metropolitan Statistical Areas, Illinois, 1980 Census of Population and Housing, U.S. Department of Commerce, Bureau of the Census, October 1982, U.S. Government Printing Office, Washington, D.C.

General Housing Characteristics, Illinois, 1980 Census of Housing, U.S. Department of Commerce, Bureau of the Census, August 1982, U.S. Government Printing Office, Washington, D.C.