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Comptroller of the Currency  
Administrator of National Banks

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## **PUBLIC DISCLOSURE**

February 9, 1998

### **COMMUNITY REINVESTMENT ACT**

**COR\_\_ Bank, N.A.**

**3959 North Lincoln  
Chicago, Illinois 60613**

**Arlington Place II, Suite 340**

**Arlington Heights, Illinois 60005**

This evaluation is not, nor should it be construed as, an assessment of the financial analysis, conclusion, or opinion of the federal financial supervisory agency concerning the

## GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency, when examining financial institutions subject to its supervision, to use its authority to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon the examination's conclusion, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of CORUS Bank, N.A. prepared by The Office of the Comptroller of the Currency, the institution's supervisory agency, as of February 9, 1998. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include visits to some, but not necessarily all, of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in appendix A to 12 C.F.R. part 25.

This evaluation covers the period from January 1, 1996 to February 9, 1998. There was no prior CRA evaluation for this institution. Previously, there were several banks which merged to form the current institution.

**INSTITUTION'S CRA RATING:** This institution is rated "Satisfactory Record of Meeting Community Credit Needs."

The major factors supporting the institution's rating are as follows:

- CORUS Bank, N.A. has made a significant amount of funds (more than \$132 million) available for community development in its assessment area.
- The geographic distribution of lending shows good penetration in all income level census tracts. Total loans made by the bank are distributed with 7% in low-, 25% in moderate-, 46% in middle-, and 22% in upper-income census tracts.
- Lending to borrowers of different income levels and businesses of different sizes shows a reasonable distribution. The bank's lending is distributed with 6% of its loans to low- and 21% of its loans to moderate-income borrowers. More than 86% of the small business loans were to businesses with revenue less than \$1 million.
- Investments for community development are minimal. The bank made only 35 grants for \$35,999 to local community development organizations.
- The bank's services are reasonably accessible to individuals throughout the assessment area.

The following table shows the performance level of CORUS Bank, N.A. with respect to the lending, investment and service tests.

Performance Levels	CORUS Bank, N.A. Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High satisfactory	X		X
Low satisfactory			
Needs to improve		X	
Substantial noncompliance			

\* Note: The lending test is weighted more heavily than the investment and service tests in the overall rating.

**DESCRIPTION OF INSTITUTION:**

***Bank Profile:***

CORUS Bank, N.A. (CORUS) is a \$2.1 billion bank whose main office is approximately 10 miles north of the Chicago Loop. The bank is in a well-established community. Economic conditions are stable and competition is strong. The institution has a total of 11 branch offices and 21 automated teller machines (ATM). The main office and four other branch offices are in the northern portion of the city of Chicago, all within five miles of each other. There is one location in the Loop area of the city of Chicago and five suburban locations (River Forest, Calumet City [2], Wheeling and Niles).

CORUS is owned by CORUS Bankshares, Inc. which is also headquartered in the city of Chicago. CORUS operates as a full service financial institution, however has chosen to offer specialized loan products. CORUS is considered a niche bank, with its primary lending business focused in four markets: commercial/commercial real estate, residential real estate, government guaranteed student loans and medical finance loans.

CORUS markets government guaranteed student loans nationwide, buying pools of student loans which are maintained in its portfolio. CORUS' medical finance program provides financing to 106 health care providers (hospitals and medical practices) to finance patient receivables. Commercial real estate projects are centered in multi-family, hotel and nursing home financing. Residential real estate lending includes purchase, refinance and home improvement loans. The bank also has a strong relationship with currency exchange operators. CORUS provides acquisition financing, cash shipments and lines of credit to more

than 350 currency exchanges in Cook County.

Total loans account for 76% of CORUS' average assets as of December 31, 1997. As of this date, the loan to deposit ratio increased to 82% from 78% at year-end 1995. The majority of the CORUS' funding is provided through its core deposits. The loan mix indicates the bank is largely a real estate lender. More than 67% of the loan portfolio is for real estate purposes. Commercial real estate loans account for 20% of average gross loans, while multi-family loans account for another 15%. Twenty-seven percent (27%) of the portfolio is 1-4 family residential loans, of which 10% are home equity loans. Loans to individuals, mostly student loans and medical finance contracts, account for 27% of average gross loans. The residential 1-4 family activity dropped significantly in 1997 due to the bank experiencing high delinquency and losses in this portfolio. Management chose to concentrate their efforts on collections and foreclosures during this time frame. See lending test comments for further details.

This is CORUS' first CRA evaluation. CORUS represents the merger of eight affiliated banks into one. Beginning in November of 1995 and throughout 1996 the combination of banks included: Aetna, N.A., Belmont National Bank, Lincoln National Bank, Commercial National Bank, River Forest State Bank, Madison National Bank, First National Bank of Wheeling and First State Bank of Calumet City. The merged institution is capable of meeting the community's credit needs based on its financial condition and size; product offerings; legal impediments; and other factors.

***Assessment Area Profile:***

CORUS' assessment area is Cook County, Illinois. The area consists of 1,352 census tracts. According to 1990 census information, the community comprises 272 (20%) low-, 340 (25%) moderate-, 481 (36%) middle- and 236 (17%) upper-income census tracts. The remaining 23 tracts do not have income level designations.

The total population of this area is 5,105,067 people in 1,256,554 families. Of this total, there are 302,664 (24%) low-, 232,871 (19%) moderate-, 291,724 (23%) middle-, and 429,238 (34%) upper-income families in the area (NOTE: The total number of families in the distribution by income level differs slightly from the total number of families. However, the difference is so minimal it does not affect any of the percentages). The population within this area is distributed as follows: 14% live in low-, 25% live in moderate-, 41% live in middle-, and 20% live in upper-income tracts.

There are 2,021,833 housing units in the area. There is a fairly even split between owner-occupied units (51%) and rental occupied units (41%). However, a large percentage of the owner-occupied units (79%) are in middle- and upper-income census tracts. Only 4% of the owner-occupied units are in low-income census tracts and 17% are in moderate-income tracts.

According to the business demographic data for Cook County, only 7% of the businesses are in low-income census tracts. An additional 18% of the businesses are in moderate-income census tracts. Middle- and upper-income tracts have 40% and 33% of the businesses, respectively. A large majority

(72%) of the businesses in the county have gross income less than \$1 million, 11% have income greater than \$1 million, and income information for the remaining businesses is unknown or not reported.

## **CONCLUSIONS ABOUT PERFORMANCE TESTS**

CORUS' overall CRA performance is satisfactory. Due to the bank's chosen "niche," lending efforts are strongly centered in commercial real estate including multi-family, hotel and nursing home financing. Many of these projects have assisted in community development through providing affordable housing or stabilizing low- or moderate-income geographies.

The bank has offices in only one Metropolitan Statistical Area (MSA #1600); therefore, our conclusions relating to the entire bank also apply to this MSA.

### **LENDING TEST**

#### ***Major Conclusions:***

- CORUS' lending levels reflect good responsiveness to assessment area credit needs. CORUS made 13,877 loans totaling more than \$330 million in its assessment area in the past two years.
- Community development lending is very strong with more than \$132 million contributed to the community. Many projects involve complex financing arrangements.
- A majority (81%) of the number of loans are made in the assessment area.
- CORUS' geographic distribution of loans reflects good penetration throughout the assessment area. The bank made 7% of its loans in low-income tracts, 25% in moderate-income tracts, 46% in middle-income tracts and 22% in upper-income tracts.
- The bank's distribution of borrowers reflects adequate penetration among retail customers of different income levels and business customers of different sizes, given the product lines offered by the bank. Six percent (6%) of all loans were to low-income borrowers with an additional 21% of loans to moderate-income individuals. More than 86% of small business loans were to businesses with revenues less than \$1 million.
- The bank offers limited flexible and innovative products.

#### ***Scope:***

Our analysis included small business, Home Mortgage Disclosure Act (home purchase, home

improvement, home refinance and multi-family), consumer (other unsecured category only) and community development loans. Small farm lending was not included since the bank's assessment area is US elected to have its

are noted as the government guaranteed student loans and medical finance loans. These loans are reflected as the "Other Unsecured" loan category within this document.

To determine the accuracy of data presented by the bank, we verified a sample of the HMDA, small business and consumer loan data. We reviewed 27 HMDA reportable transactions, 29 small business and also reviewed 100% of the reported community development loans. A total of nine loans were incorrectly included in the data -- two loans where the housing was not affordable, two were HMDA corrected this data and the adjusted data is reflected in this Performance Evaluation. Overall, this is considered an insignificant number of errors.

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### CORUS

of Loan Originations Inside the Assessment Area," the bank made 13,877 loans totaling \$330 million in the assessment area during the evaluation period. COR\_\_' largest product by number of loans made in the past two years is consumer loans at 12,792 loans. The bank's second highest volume of lending is

community development lending is the bank's largest loan activity, with HMDA lending close behind. COR\_\_ extended \$132 million for community development projects, and another \$111 million for home mortgage lending in its assessment area during 1996 and 1997.

US' small business, consumer and community development lending volume (in number of significantly during the same time. CORUS its residential real estate loan portfolio during 1996 and 1997. As a result, the bank practically shut down mortgage lending operations. Originations of home equity lines of credit and adjustable rate mortgage foreclosure matters. The bank's action is considered reasonable given the severity of the circumstances, and does not reflect negatively on its responsiveness in meeting community credit needs.



Type of Loan	1997		1996		Total 1997 & 1996 Combined	
	#	\$	#	\$	#	\$
Home Purchase	22	\$4,786	385	\$33,162	407	\$37,948
Home Improvement	22	\$383	231	\$7,987	253	\$8,370
Refinance	16	\$5,368	106	\$12,552	122	\$17,920
Multi-Family	31	\$18,967	79	\$27,960	110	\$46,927
Total HMDA	91	\$29,504	801	\$81,661	892	\$111,165
Small Business	80	\$15,408	79	\$16,196	159	\$31,604
Consumer*	7,079	\$28,156	5,713	\$23,589	12,792	\$51,745
Community Development	24	\$100,375	10	\$34,734	34	\$135,109
<b>Total Loans</b>	<b>7,274</b>	<b>\$173,443</b>	<b>6,603</b>	<b>\$156,180</b>	<b>13,877</b>	<b>\$329,623</b>

\* "Other Unsecured" consumer loans only.

CORUS' good responsiveness to assessment area credit needs is also supported by its market rank for HMDA and small business lending. During 1996, CORUS' overall market rank for HMDA lending was 58th out of 776 institutions. The bank ranked 35th out of 266 institutions for small business lending.

Based on total asset size as of December 31, 1997, CORUS was the 10th largest bank of the 155 (State and Nationally chartered) banks headquartered in Cook County. However, there were a very large number of other banks and other financial institutions which reported lending activity in Cook County. For example, 9 of the top 10 market shareholders were mortgage companies or savings banks. CORUS ranked 6th for HMDA loans and 9th for small business loans when compared only with the top 10 banks based on total assets. Therefore, CORUS' market rank is considered reasonable.

### Assessment Area Concentration

CORUS originates a high percentage of loans inside the bank's assessment area. As illustrated in Table II, "Loans Inside the Assessment Area vs Total Loans - 1996 & 1997," CORUS made 34% of the number, and 71% of the dollar volume of mortgage, small business, consumer and community development loans inside the assessment area. Considering the bank markets consumer loans nationwide, CORUS' assessment area concentration improves to 81% of the number and 92% of the dollar volume when the other unsecured consumer loan portfolio is excluded. The bank wanted its other unsecured consumer portfolio considered since the distribution of these loans shows reasonable performance in providing credit to low- and moderate-income borrowers and in low- and moderate-income geographies.

The high concentration of HMDA lending inside CORUS' assessment area is a good indicator of its focus on meeting the housing needs of the local community. During 1996 and 1997, the bank originated 1,137 HMDA reportable loans, representing approximately \$133 million. Seventy-eight percent (78%) of the HMDA loans originated, representing 892 loans or \$111 million, were within the bank's assessment area. CORUS' HMDA lending by product type also indicates a high percentage of lending inside the assessment area. More than 76% of CORUS' home purchase, home improvement and refinance loan originations were inside the assessment area. In addition, 96% of CORUS' multi-family loans were within the assessment area. When evaluating the bank's dollar volume of HMDA lending inside the assessment area, CORUS' assessment area concentration is even higher. Eighty-four percent (84%) of the dollar volume of HMDA lending was inside the assessment area.

A substantial majority of CORUS' small business and community development lending is inside its assessment area. During 1996 and 1997, CORUS originated 174 small business loans, representing \$35 million. Ninety-one percent (91%) of those loans, representing 159 loans or \$32 million, were inside the bank's assessment area.

CORUS' volume of consumer lending inside its assessment area is good considering the bank markets the student loans nationally and medical finance loans to a very large geographic area. During 1996 and 1997, the bank originated 32% of both the dollar and number of consumer loans inside the assessment area. Although the level of assessment area concentration is low, it is understandable when the size of the bank's assessment area is compared to its nationwide market for these products.



<b>Table II - Loans Inside the Assessment Area vs Total Loans - 1996 &amp; 1997</b>						
Type of Loan	Total Loans		Loans Inside Assessment Area			
	#	\$ (000's)	#	% of #	\$ (000's)	% of \$
Home Purchase	533	\$49,831	407	76%	\$37,948	76%
Home Improvement	333	\$10,599	253	76%	\$8,370	79%
Refinance	156	\$22,073	122	78%	\$17,920	81%
Multi-Family	115	\$50,393	110	96%	\$46,927	93%
Total HMDA Loans	1,137	\$132,896	892	78%	\$111,165	84%
Small Business	174	\$35,466	159	91%	\$31,604	89%
Consumer*	39,889	\$159,325	12,792	32%	\$51,745	32%
Community Development	34	\$135,109	34	100%	\$135,109	100%
Total Loans	41,234	\$462,796	13,877	34%	\$329,623	71%
Total Loans (excluding Consumer)	1,345	\$303,471	1,085	81%	\$277,878	92%

Source: Bank reports, HMDA-LAR, and CRA Disclosure reports for 1997 and 1996.

\* "Other Unsecured" consumer loans only.

### **Geographic Distribution of Loans Within the Assessment Area**

The distribution of loans made by CORUS during the evaluation period is good. The bank made 7% of its loans in low-income census tracts. An additional 25% of the loans were extended in moderate-income tracts. Although 20% of the census tracts in the assessment area are designated low-income, only 14% of the population lives in these tracts. Also, a significant level of the households in these tracts live below the poverty level. Only 7% of the businesses in the assessment area are represented in these tracts. Considering the disparity in these demographic facts, this level of lending in these tracts is considered good. The bank's lending in moderate-income tracts mirrors the make-up of the assessment area with both 25% of the tracts and 25% of the population living in moderate-income tracts. Again, a smaller number (18%) of the businesses are in this type of tract.

CORUS' home mortgage lending in low- and moderate-income census tracts is good, compared to the level of owner-occupied housing units in these areas. Only 4% of the owner-occupied units in the bank's assessment area are in low-income census tracts. An additional 17% of the owner-occupied units are in moderate-income census tracts. These low levels of owner-occupied housing correspond to the low level

of single family residences in these tracts (10% and 24% of total single family residences in the bank's assessment area are in low- and moderate-income tracts, respectively). As indicated in Table III, "Geographic Distribution of Loans by Census Tract Income Level Inside the Assessment Area - 1996 & 1997," CORUS originated 5% and 23% of its HMDA reportable loans in low- and moderate-income census tracts, respectively. CORUS' originations by product type also compare favorably to the distribution of housing units in the assessment area. We compared the bank's level of lending to the distribution of owner-occupied housing units because of the large disparity in the distribution of owner-occupied housing, the population and the income level of census tracts in the assessment area. The large disparity in these distributions makes the comparison of owner-occupied units to lending levels a more meaningful analysis for HMDA reportable products. (See Assessment Area Profile and Table III below for details.)

CORUS' multi-family lending performance reflects excellent distribution throughout the assessment area. Eighteen percent (18%) of multi-family units in the bank's assessment area are in low-income census tracts. An additional 24% of multi-family units are in moderate-income census tracts. During the evaluation period, CORUS originated 11% and 40% of its multi-family loans in low- and moderate-income census tracts within its assessment area, respectively. Therefore, in total CORUS' 51% of loans in low- and moderate-income tracts exceeds the opportunity of 42% of the units in these areas. This demonstrates the bank's focus on meeting affordable housing needs in low- and moderate-income tracts. CORUS' small business lending distribution is also excellent. The bank's lending exceeds the assessment area's distribution of businesses in low- or moderate-income census tracts. Sixteen percent (16%) of CORUS' small business loans were made to businesses in low-income census tracts. An additional 31% were made to businesses in moderate-income census tracts. According to the business demographic data for Cook County, only 7% of the businesses are in low-income census tracts. An additional 18% of the businesses are in moderate-income census tracts. CORUS' distribution of 47% of its loans to businesses in low- and moderate-income census tracts far exceeds the relative opportunity of only 25% of the businesses in these tracts. This further supports the bank's commitment to meet the assessment area's business credit needs.

In addition, CORUS' proportion of community development lending in low- or moderate-income census tracts is excellent. Twenty-five percent (25%) of community development loans were made in low-income census tracts. An additional 47% were made in moderate-income census tracts. This distribution demonstrates the bank's commitment to provide affordable housing and development primarily to help restore quality neighborhoods in low- and moderate-income census tracts.

Consumer lending reflects a good distribution throughout the assessment area. Seven percent (7%) of the consumer loans were made in low-income census tracts. Another 25% of the loans were made in moderate-income census tracts. Considering that 12% of the households in the assessment area are living below the poverty level (5% of total households in the assessment area are below the poverty level and in low-income census tracts and 4% of total households in the assessment area are below the poverty level and in moderate-income census tracts), the opportunity to extend consumer credit is reduced. Presumably, these households would have a limited ability to assume debt obligations. As a result, we adjusted the percentage of all families in these tracts by subtracting out the percentage of all households

with income below the poverty level. The adjustments indicate that only 9% of the families in low-income tracts and 21% of families in moderate-income tracts in the assessment area are likely borrowers

Table III - Geographic Distribution of Loans by Census Tract Income Level Inside the Assessment Area - 1996 & 1997								
	Income Level of Census Tract							
	Low income				Middle income		Upper income	
		%	#		#	%		%
Home Purchase		4%	67		224	55%		24%
Home Improvement		5%	64		132	52%		17%
	7	6%		24%	60		26	21%
	12	11%		40%	37		17	15%
	48	5%		23%	453		186	21%
Small Business	25		50	31%		30%	35	
Consumer*	939		3,130	25%		46%	2,805	
Community Development	8		15	47%		22%	2	
Total Loans		7%	3,399		6,425	46%		22%

Source:

Note: Percentages may not equal 100% since the income level of the census tract is unavailable for some loans (Home Improvement &

\* "Other Unsecured" consumer loans only.

**Distribution by Borrowers' Income Inside the Assessment Area**

The distribution of borrowers reflects adequate penetration among retail customers of different income levels and business customers of different sizes, given the product lines offered by the institution. The distribution of HMDA lending presented in Table IV, "Distribution by Borrower's Income Level Inside the Assessment Area - 1996 & 1997" shows reasonable penetration among different income level borrowers. Lending to businesses of different sizes is considered good (details are included in Table V). We did not evaluate the distribution of consumer loans by borrower income level since the bank does not use this information in making its credit decisions.

CORUS' distribution of HMDA Loans (Table IV) shows that 6% were made to low-income individuals, and 21% were made to moderate-income borrowers. The make-up of the assessment area shows 24% low-, 19% moderate-, 23% middle- and 34% upper-income families in the area. Considering that 12% of the households in the assessment area are below the poverty level, the opportunity to extend home mortgage credit is reduced. Those households would have a limited ability to assume debt obligations. Therefore, the lower level of CORUS' home mortgage lending to low-income borrowers is considered adequate.

Table IV - Distribution by Borrower's Income Level Inside the Assessment Area - 1996 & 1997								
Type of Loan	Income Level of Borrower							
	Low income		Moderate income		Middle income		Upper income	
	#	%	#	%	#	%	#	%
Home Purchase	14	3%	80	20%	128	31%	182	45%
Home Improvement	23	9%	58	23%	74	29%	95	38%
Refinance	12	10%	23	19%	34	28%	48	39%
<b>Total HMDA Loans*</b>	<b>49</b>	<b>6%</b>	<b>161</b>	<b>21%</b>	<b>236</b>	<b>30%</b>	<b>325</b>	<b>42%</b>

Source: CORUS' HMDA-LAR for 1997 and 1996.

\*Excludes Multi-family loans

Note: Percentages may not equal 100% since the income level of the census tract is unavailable for some loans (Home Purchase, Home Improvement, Refinance and Total HMDA Loans in this table).

As reflected in Table V, "Distribution of Small Business Originations in 1996 and 1997 Inside the Assessment Area By Loan Size and Business Revenues," CORUS' origination of small business loans reflects an excellent distribution. When considering the size of the loans, a substantial majority of the loans (76%) were less than \$250 thousand. In addition, 86% of CORUS' small business loans were made to businesses with revenues less than \$1 million. This level of performance is considered excellent given the distribution in the size of businesses in the assessment area. See Table V below for details.

**Table V - Distribution of Small Business Originations in 1996 and 1997  
Inside the Assessment Area  
By Loan Size and Business Revenues**

Loan Size					Annual Revenues < \$1 Million			
	#	%	\$ (000)	%	#	% *	\$ (000)	% *
less than \$100,000	65	41%	\$3,573	11%	59	91%	\$3,143	88%
\$100,000 to \$250,000	55	35%	\$9,862	31%	44	80%	\$7,877	80%
\$250,000 to \$1,000,000	39	24%	\$18,169	58%	33	85%	\$15,070	83%
<b>Total Loans</b>	<b>159</b>	<b>100%</b>	<b>\$31,604</b>	<b>100%</b>	<b>136</b>	<b>86%</b>	<b>\$26,090</b>	<b>83%</b>
Distribution of Businesses in the Assessment Area by Annual Revenues of the Business:					Revenues <\$1 Million		72%	
					Revenues > \$1 Million		11%	
					Revenues Unknown		17%	

Source: CORUS' CRA Disclosure reports for 1997 and 1996.

\*As a percentage of loans of the size category.

### **Community Development Lending**

CORUS has made a significant contribution to community development in its assessment area. The funding provided for projects is excellent. As noted in Table VI - "Geographic Distribution of Community Development Loans Inside the Assessment Area - 1996 & 1997," CORUS made 32 community development loans for more than \$132 million. Hotels account for the fewest number of loans in dollars, but the most in dollars. Many of the community development loans were for affordable housing encompassing both multi-family and nursing homes. The bank made 17 multi-family loans for \$33,957,000 in low- or moderate-income census tracts. An additional three loans for \$2,069,000 already noted in Table VI were made to finance affordable multi-family housing in middle-income tracts.

The originations show a significant increase from 1996 (10 loans for \$34,734,000) to 1997 (22 loans for \$97,294,000). The interesting thing to point out is that, although most of the growth occurred in multi-family housing, all types of projects showed an increase in the number of projects from 1996 to 1997. This displays the commitment to provide more than just multi-family units within the assessment area. It demonstrates the bank's willingness to develop the commercial sectors of its assessment area in low- or moderate-income areas also.

**Table VI - Geographic Distribution of Community Development Loans  
Inside the Assessment Area - 1996 & 1997**

Type of Loan	Income Level of Census Tract							
	Low income		Moderate income		Middle income		Upper income	
	#	\$ (000)	#	\$ (000)	#	\$ (000)	#	\$ (000)
Multi-Family	7	\$30,559	10	\$3,398	3	\$2,069	0	\$0
Nursing Homes	0	\$0	2	\$14,900	2	\$19,570	0	\$0
Hotels	1	\$10,000	0	\$0	2	\$14,500	2	\$36,000
Other	0	\$0	3	\$1,032	0	\$0	0	\$0
<b>Total Community Development Loans</b>	<b>8</b>	<b>\$40,559</b>	<b>15</b>	<b>\$19,330</b>	<b>7</b>	<b>\$36,139</b>	<b>2</b>	<b>\$36,000</b>

Source: Bank reports, HMDA-LAR, and CRA Disclosure reports for 1997 and 1996.

The following examples demonstrate the types of projects in which the bank has been involved. For affordable housing, we considered that the moderate-income level at 80% of the median family income of \$55,800 for the Chicago MSA is \$44,640. Using an industry standard of 28% housing expense ratio, this shows a maximum \$1,042 for housing expenses. Considering this includes taxes, insurance, utilities, etc. in addition to rent or mortgage, we used a maximum rent of \$550 to \$600 and purchase of \$115,000 (8% interest, 30-year mortgage) as our measure for affordable housing.

- o The bank provided three loans for construction of nursing homes in low- and moderate-income areas of the city of Chicago. The combined facilities provide an additional 566 beds to the community. These facilities will provide additional jobs for the low- and moderate-income residents of the surrounding community. Total funding for these projects amounted to \$25 million.
- o In 1997, funding was provided for three loans for hotels. One project was a construction loan on vacant land. The other two loans were in Tax Increment Financing (TIF) districts. One of these loans was for a total rehab of the hotel. The other project was a combined construction/rehab of a hotel in a low-income census tract. These projects will provide numerous jobs for low- and moderate-income individuals. Combined funding for the three projects amounted to \$46 million.
- o CORUS provided two loans to assist a borrower in acquiring and renovating a run-down building with code violations. The building provides affordable housing with rents as low as \$475. The total funding for this project was \$1.3 million.

- o CORUS funded the construction of 24 town homes in a low-income census tract. Home prices started as low as \$86,000. Sixteen of the units sold for amounts less than \$90,000. The bank lent \$1,831,000 for this project.
- o The bank provided \$17,963,107 for the conversion of five industrial loft buildings into 180 condos. The selling prices for these homes start at \$89,000. This project is in a low-income census tract.
- o The bank funded a multi-use rehab project in a low-income census tract. The project was for 12 residential and seven commercial units. (The city had scheduled this building for demolition). Rents for the residential units are between \$475 and \$500 per month. The total loan for this project was \$615,000.
- o The bank provided \$750,000 to a borrower for acquisition of multi-family buildings. The units in these buildings are rented to low-income tenants including individuals using Section 8 funding.
- o During 1996, CORUS provided two loans for \$14.5 million to construct two hotels near Midway Airport. This project provided numerous long term jobs to low- and moderate-income residents. It also served as a catalyst to attract additional businesses to this low-and moderate-income area.
- o The bank also provided two loans for \$10 million to construct numerous single family, lofts, condos and town homes. The homes are in low-income census tracts and provide affordable housing in the assessment area (purchase price of lofts begin at \$85,000 and rents are as low as \$570 per month).

The bank also provided several letters of credit to a local developer to ensure the completion of various low-income housing projects. These letters amounted to \$1,265,000. The homes are throughout the city of Chicago with a portion of the funds backing apartments in the Henry Horner Revitalization Program on the city's near south/west side. These projects are located in low-income census tracts.

CORUS, along with six other financial institutions in Oak Park and River Forest, serves as a funding source for small business loans made by the Oak Park Development Corporation (OPDC). This organization's focus is to foster economic development in the village of Oak Park. The financial institutions provide a "security net" for the commercial and micro loan programs offered by this organization. The banks share equally in the risk of loss which remains after the village has absorbed a third share of the loss on any defaulted loan. CORUS also supports this organization with a donation each year (noted in investment test information). As of December 31, 1997, CORUS' one-sixth share of the contingent liability on these loans was \$35,391.

### **Product Innovation and Flexibility**

CORUS offers limited innovative and flexible loan products. The bank uses an innovative residential mortgage loan product to serve assessment area credit needs. There is also a student loan product which provides the borrower incentive to make timely payments and receive lower financing expenses.

The residential loan product is referred to as an 80/20 mortgage loan (100% financing). Private mortgage insurance (PMI) is not required. The product is structured as two notes. The first note is an 80% adjustable rate mortgage (ARM) priced as a typical ARM loan. The second note is a 20% home equity line of credit portion which is priced higher to adjust for the risk associated with the credit. This product is considered flexible as the overall pricing is lower than the market rate for such a product.

In addition, the bank's student loan department offers the "borrower incentive for timely repayment" program. Borrowers receive cash back if they make five consecutive timely payments. The borrower simply submits a certificate provided by the bank and receives a rebate check, or may apply the rebate to the loan balance. This program effectively reduces the borrower's interest cost and is considered a flexible lending product.

### **Compliance with Anti-Discrimination Laws**

CORUS has a satisfactory record of complying with the anti-discrimination laws (ECOA, FHA and HMDA). No violations of the substantive provisions of the anti-discrimination laws and regulations were discovered during this examination.

## **INVESTMENT TEST**

### ***Major Conclusions:***

- The institution has a weak level of qualified community development investments and grants. CORUS made only 35 grants for \$35,999 to local community development organizations.

### ***Scope:***

The review of investments included an analysis of the grants and donations provided to community service organizations. CORUS did not have any other types of community development investments as of the date of this evaluation.

During 1996 and 1997, CORUS made several grants and donations to organizations which provide community development services within its assessment area. The bank made a total of 35 grants and donations for \$35,999 during the evaluation period. These grants were to a variety of types of organizations that promote or provide community development, housing development, health care,



shelter and food. While these grants and donations promote community development in the assessment area, this is a very limited amount of investment by the bank.

## **SERVICE TEST**

### ***Major Conclusions:***

- CORUS' delivery systems are reasonably accessible to essentially all portions of the institution's assessment area.
- The institution has not opened or closed any branch offices during this evaluation period.
- Services, including business hours, do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and individuals.
- The institution provides a relatively high level of community development services.

### ***Scope:***

Our evaluation of services included analyzing the availability and effectiveness of the bank's branch/ATM network for delivering retail banking services. We also considered the extent and innovative nature of its community development services in meeting the credit needs of the assessment area.

### **Retail Services**

The bank has eleven full service branches throughout Cook County, Illinois. The main office is at the intersection of Irving Park Road, Damen Avenue and Lincoln Avenue on the north side of the city of Chicago. Six of the bank's branches are located along commuter rail routes (METRA and/or C.T.A.) and are readily accessible via public transportation. Public bus transit service is available to all the branches. The bank has extended banking hours through its walk-up and drive-through facilities.

Half (50%) of the bank's branches are within middle-income geographies. About 20% are in moderate-income areas, with another 30% in upper-income areas. No banking facilities or ATM's are inside low-income census tracts. However, some bank facilities are relatively close to low-income census tracts and are readily accessible via public transportation.

The bank has bilingual translation services available in twenty-three different languages. The bank's Telephone Banking Center maintains a listing of bilingual employees. When a customer needs language service, bank employees on-site can either provide the required translation or obtain the help of a bilingual employee via the Telephone Banking Center.

The bank maintains twenty-one full service ATM's, and ten drive-through facilities. One ATM is off-site; the rest of the ATM's are at branch locations. The bank also offers twenty-four hour telephone automated banking ("TellerPhone") and bank-by-mail services. A new electronic banking service, "Home Banking" (via personal computer), is under development.

The bank's service hours, including lobby, walk-up and drive-up hours, covers 7:00 a.m. to 9:00 p.m. six days a week (except the downtown Chicago branch which is open 8:00 a.m. until 6:00 p.m. Monday through Friday). The bank is not open on Sunday. ATM's are available 24 hours a day. There are no differences in the services available at the different locations.

### *Community Development Services*

The bank has a strong relationship with the currency exchange businesses. The bank provides full banking services and acts as a cash source for a substantial number of currency exchanges throughout the bank's assessment area. In participation with currency exchanges throughout the metropolitan area, the bank has implemented a program to handle federal payments called "Secure Direct Deposit." A substantial majority of these currency exchanges (about 85%) are inside the bank's assessment area. Federal law will soon require that all federal payments (social security, paychecks, etc.) be made electronically to a financial institution or another agent authorized by the recipient. The bank, working along with the Community Currency Exchange Association of Illinois, has established a program whereby electronic payments are made available at a local currency exchange. An individual's benefits are electronically deposited into the bank, which in turn makes the funds available to a participating currency exchange designated by the recipient. This alternative delivery system was developed and implemented to serve that portion of the population which does not want or cannot use a bank. Low- and moderate-income individuals are heavy users of currency exchanges. At January 1, 1998, the bank had about 38,000 individuals and 700 currency exchanges enrolled in this program.

In addition to this currency exchange product, the bank's downtown Chicago branch offers a special savings account called "Banking for the Homeless." This special savings account is offered to the residents of several community organizations which provide residential housing to low-income individuals. The account has no minimum balance and no fees.

The bank also offers flexible checking plans to accommodate low- and moderate-income individuals. The "Value Checking" account is a low minimum balance product. There are no monthly or check writing fees if a \$200 minimum balance is maintained. The "Small Business Checking" account is available to sole proprietorships, professional practices and small businesses. There are no monthly service charges when an average collected balance of \$5,000 or more is maintained.

Bank employees and senior management participate in activities or are members of the boards of a number of community development organizations. Through board memberships, technical assistance, financing and participation in organizations' events, the bank is providing community development services to low- and moderate-income individuals. The community development groups are benefiting

from the bank's association with them as detailed in the paragraphs below.

One of these organizations is an economic development group serving the Pilsen area on Chicago's near southwest side. A major focus is to create job opportunities for local residents. The organization provides seminars to residents who wish to start their own businesses, covering such topics as business plan preparation and financing. The bank has sponsored training seminars for small business owners and potential entrepreneurs. Topics of these seminars have included special government financing programs such as Tax Increment Financing (TIF), how to access Small Business Administration (SBA) opportunities, locating alternative sources of funding from private community development funds, and accessing financing opportunities from traditional banking sources.

Through bank leadership efforts, funds were raised over a four-year period to help another community organization finance the renovation of a building to house low-income persons. The organization provides assistance in all aspects of social rehabilitation, job training, integration of low-cost housing into the area and economic development.

The bank also works with another community development organization which focuses on the development of social services for lower-income residents. The organization provides classes in job training, personal growth, cultural assimilation and personal financial management. The bank has actively participated in these projects through guest lectures and by sponsoring visits to the bank.

The bank is involved through board membership in an organization which reaches over 6,000 disadvantaged children and their families. This organization offers 30 different social service programs and operates in six locations on the north side of Chicago. Some of these programs include child care, tutoring, gang prevention, counseling and adult literacy. The bank executive who serves on this board of directors is an active fund raiser, co-chaired the executive director search committee, and assists in the approval and review of the organization's activities.

The bank also has executives who serve on a community development organization's loan committee. The organization is located in a community which is adjacent to a low-income area. Its main focus is on moderate-income housing and small business development financing. Small business lending is coordinated through this organization and local area banks.

A bank executive also serves on the board of the Midwest's largest provider of job training, job placement, shelter and rehabilitation for Chicago's homeless population. The bank extends a \$750,000 line of credit to this organization (which is reflected in the small business segment of this report).